

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008



PROUDLY
SOUTH AFRICAN 

JANUARY 2009

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**GENERAL INFORMATION
AS AT 30 JUNE 2008**

MEMBERS OF THE MAYORAL COMMITTEE AND THEIR PORTFOLIOS

Cllr. G.K.M. Lobelo	Executive Mayor
Cllr. P.K. Thiba	Budget and Treasury
Cllr. K.G. Sereko	Corporate Services
Cllr. C.E. Tladinyane	Economic Development, Tourism and Agriculture
Cllr. D. Zethi	Community Health, Social Development and Community Services
Cllr. N.W. Skalk	Community Participation, Engineering and Technical Services

SPEAKER

Cllr. P. Kgosieng

COUNCILLORS

Cllr. G.K.M. Lobelo	Directly Elected
Cllr. P.W. Kgosieng	Directly Elected
Cllr. P.K. Thiba	Directly Elected
Cllr. K.G. Sereko	Directly Elected
Cllr. C.E. Tladinyane	Directly Elected
Cllr. J.D. Zethi	Directly Elected
Cllr. N.W. Skalk	Directly Elected
Cllr. J. D. Franzsen	Directly Elected
Cllr. M.M. Sekopetswe	Directly Elected
Cllr. O.J. Tshenkeng	Directly Elected
Cllr. T.M. Lenkopane	Kagisano Local Municipality
Cllr. M.S. Thue	Kagisano Local Municipality
Cllr. D.E. Masipa	Kagisano Local Municipality
Cllr. R.M. Lee	Mamusa Local Municipality
Cllr. C.P. Herbst	Mamusa Local Municipality
Cllr. K.D. Bojong	Lekwa-Teemane Local Municipality
Cllr. K.M. Kgosieng	Greater-Taung Local Municipality
Cllr. T.S. Matlapeng	Greater-Taung Local Municipality
Cllr. L.V. Kelaotswe	Greater-Taung Local Municipality
Cllr. O.M. Matong	Greater-Taung Local Municipality
Cllr. J. A. Adonis	Naledi Local Municipality
Cllr. O. Morwalela	Greater-Taung Local Municipality
Cllr. F.J. Wright	Naledi Local Municipality
Cllr. G. J. Tshipo	Greater-Taung Local Municipality
Cllr. S.K.M. Namusi	Molopo Local Municipality

Kgosi. W. Motlhabane
Kgosi. T. Mankuroane
Kgosi. O.G. Letlhogile
Kgosi. K.I. Mothibi

The following under mentioned councillors were replaced during the floor crossing in September 2007

- Cllr R.M. Lee was replaced by Cllr Joyce Molebalwa
- Cllr Bojong was later replaced by Cllr. P. Letebele.

EXECUTIVE STRUCTURE

Mr. A.I. Kekesi	Municipal Manager
Mrs. D. Mongwaketsi	Senior Project Manager: Internal Audit
Dr. G.N. Malebe	Senior Project Manager: Corporate Services
Mr. D.M. Thornhill	Chief Financial Officer
Mr. M.S. Hayat	Senior Project Manager: Project Management Unit
Mr. F. Cawood	Senior Project Manager: Engineering Services
Mr. K. Kehositse	Senior Project Manager: Office of the Executive Mayor
Mr. R. Ntshangase	Senior Project Manager: Economic Development, Tourism and Agriculture
Mr. R. Minny	Senior Project Manager: PIMS and IDP
Mr. H. Bezuidenhout	Project Manager: Fire and Disaster Management

GRADING OF LOCAL AUTHORITY

Category C, Grade 4

AUDITORS

Office of the Auditor-General

AUDIT COMMITTEE

Ms J.S. Masite	(Chairperson)
Ms. M. Seleho	
Mr E. Van Rensburg	
Mr S. Williams	
Mr G. Dlanjwa	
Mr G. Jarvis	

BANKERS

Standard Bank

MAP OF THE DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

Refer page 9 for the area of the Dr Ruth Segomotsi Mompoti District Municipality

REGISTERED OFFICE

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VRYBURG
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Telephone : (053) 927 2222

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APPROVAL OF THE TABLING OF THE 2007/2008 ANNUAL REPORT



.....
Cllr. GKM LOBELO
EXECUTIVE MAYOR
January 2009



.....
Mr. AI KEKESI
MUNICIPAL MANAGER
January 2009

FOREWORD BY THE EXECUTIVE MAYOR

This 2007/2008 Annual Report has been documented to comply with Section 121 of the MFMA and other legislative requirements. Over and above, this report provides a record of the activities of the municipality during the financial year and includes a report on performance against the budget of the municipality. It is too intended to promote accountability to the district community and all stakeholders for the decisions that this council made throughout that financial year.

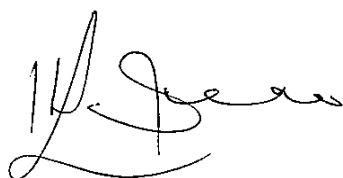
In the past years the performance of this district has been relatively good and stable. This has been demonstrated by winning the 2008 Provincial Vuna Awards, the 2008 National Vuna Awards Key Performance Area Category winner on Municipal Transformation and Institutional Development and the 2008 Premiers Excellence Awards. All these accolades is evidence that we are on track with service delivery and transforming this municipality.

The audited financial statements present a stable financial health status of this municipality. The performance information reflects that much still need to be done to ensure that we spent on target with the limited financial resources at our disposal.

The Auditor-General expressed an unqualified opinion after conducting audits for the previous year. This unqualified audit opinion received, presents a positive outcome that this municipality is still on its tracks to achieve exceptional clean record and impeccable financial management and accounting standards.

The district has implemented key priority issues as identified in the 2007/2008 Integrated Development Planning. The provision of basic water and sanitation to the community of the district have been the top priorities given the powers and functions vested on us. The expenditure in most of the projects was 100% except for the Bucket Eradication Project which experienced problems in its implementation. I must emphasize that we have dealt with these problems and the project is well on track and it is envisage that it will be completed in the third quarter of the 2008/2009 financial year.

May I take this opportunity to thank all councillors, officials, sector departments, stakeholders and the communities for contributing towards pushing back the frontiers of poverty through enhanced service delivery, and making sure that the district plays its pivotal role in improving the lives of the people of this district.



.....
Cllr. GKM LOBELO
EXECUTIVE MAYOR
January 2009

CHAPTER 1: INTRODUCTION AND OVERVIEW

1. INTRODUCTION

Section 121(1) of the Local Government: Municipal Finance Act 56 of 2003 enjoins every municipality to prepare an annual report for each financial year.

The council of a municipality is required to deal with the annual report of the municipality and in accordance with section 129 within nine months after the end of a financial year.

Amongst others the annual report of a municipality must include—

- the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
- the Auditor-General's audit report in terms of section 126(3) on those financial statements;
- the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;
- the Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
- an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
- any explanations that may be necessary to clarify issues in connection with the financial statements;
- any information as determined by the municipality;
- any recommendations of the municipality's audit committee; and
- any other information as may be prescribed¹.

¹ Local Government: Municipal Finance Act 56 of 2003

1.1. Executive Review by the Municipal Manager

It is that time of the year where we are expected to provide progress report of the previous financial year in terms of Section 121 of the MFMA. This municipality is faced with many developmental challenges given its vastness, poverty levels and rural nature.

However, the council is obliged to deliver services, especially Free Basic Services to the indigent against the backdrop of limited financial resources which are far out-weighted by the needs. It is within the stringent budget at our disposal, we strive to allocate funding to prioritized projects and programmes that are targeting the poorest of the poor.

The provision of water is still a major challenge, and the water has been a scarce resource from time in memoriam, but this municipality has embarked on key anchor projects that are geared towards alleviating the water distress in this area. A detailed backlog study has been documented in 2008; a summary of that study is included in this report. This study depicts a bleak future in terms of the amount of funding needed to address the backlogs i.e. water and sanitation. The challenge for this municipality is to lobby for more funds to address the backlogs.

Our financial performance in the past years demonstrate prudent financial management, however this has been achieved by a more balanced and strict financial discipline.

Much has been achieved through the Municipal Infrastructure Grant (MIG) in the past year. The Bucket Eradication Project has experienced some problems but is well on track to be completed this financial year. Local Economic Development with its flagship project i.e. Beef Beneficiation Programme, has put this municipality on a higher pedestal in terms of transferring skills and empowering our emerging farmers in the district.

We don't have any doubt that we shall continue in the years to come to improve our service delivery machinery and ensure that the lives of our poor communities are improved.

1.2. An Overview of the municipality

1.2.1. Municipal profile

The Dr. Ruth Segomotsi Mompati District Municipality (DC39) is located in the North West Province and is bordered by the Ngaka Modiri Molema District Municipality and Dr Kenneth Kaunda District Municipality in the north. In the south it is bordered by Kgalagadi District Municipality in the Northern Cape.

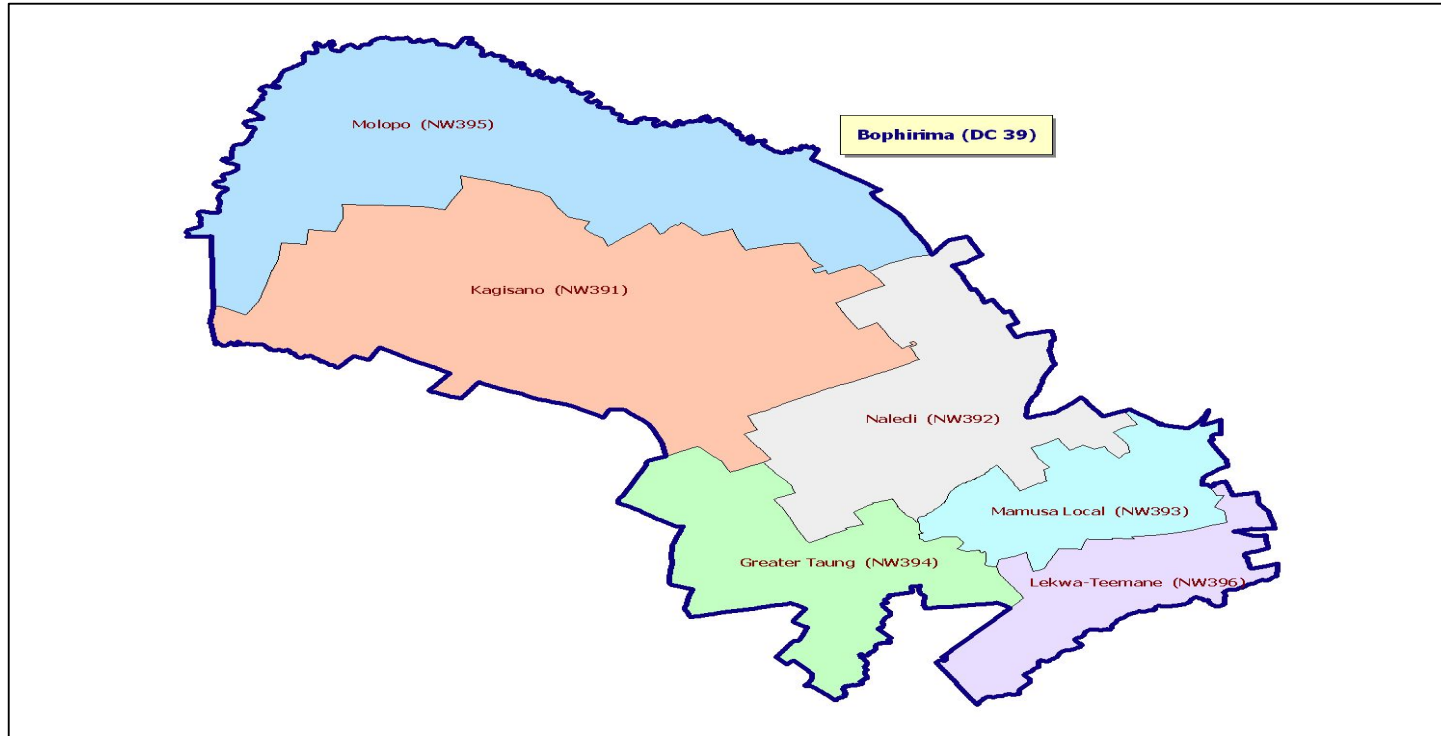
The Dr. Ruth Segomotsi Mompati District Municipality is approximately 47 478 km² in extent (40.82% of the total area of the North West Province). The district is still predominantly rural with a 13% increase in the rural population between 1996 and 2001. However, the urban population increased by almost 50%, indicating rapid urbanisation internal to the district. There are more than 470 villages and towns and dispersed in a 250km radius (approximately 500km north-south and 200km east west).

The Dr. Ruth Segomotsi Mompati District Municipality Area comprises of six Local Municipal Areas, including:

- Kagisano Local Municipality (NW391) is approximately 14 690 km² in extent
- Naledi Local Municipality (NW392) is approximately 7 264 km² in extent
- Mamusa Local Municipality (NW393) is approximately 3 615 km² in extent,
- Greater Taung Local Municipality (NW394) is approximately 5 640 km² in extent
- Molopo Local Municipality (NW395) is approximately 12 588 km² in extent
- Lekwa-Teemane Local Municipality (NW396) is approximately 3 681 km² in extent

The detailed demographic profile has been captured in the Dr. Ruth Segomotsi Mompati District Municipality's 2008/2011 Integrated Development Plan (refer to the document for more qualitative and quantitative spatial data). With a population of 354 554 (Stats SA Community Survey, 2008) in more than 470 villages and towns and dispersed in a 250km radius (approximately 500km north-south and 200km east west) this district present unique management and organisational challenges.

1.2.2. The Geographic profile



Map of Dr Ruth S Mompoti District Municipality -Source: Demarcation Board 2003

The geographic profile of Dr Ruth S Mompoti District Municipality [DC39] comprises the following:

- The municipality is approximately 47 478 km² in extent [40.82% of the total area of the North West Province]; and
- The District municipal Area comprises of six Local Municipal Areas, including:
 - The Kagisano Local Municipality [NW391] is approximately 14 690 km² in extent [30.95% of the total area of the Dr Ruth S Mompoti Municipal Area];
 - The Naledi Local Municipality [NW392] is approximately 7 264 km² in extent [15.30% of the total area of the Dr Ruth S Mompoti Municipal Area];
 - The Mamusa Local Municipality [NW393] is approximately 3 615 km² in extent [7.61% of the total area of the Dr Ruth S Mompoti Municipal Area];
 - The Greater Taung Local Municipality [NW394] is approximately 5 640 km² in extent [11.88% of the total area of the Dr Ruth S Mompoti Municipal Area];
 - The Molopo Local Municipality [NW395] is approximately 12 588 km² in extent [26.51% of the total area of the Dr Ruth S Mompoti Municipal Area]; and
 - The Lekwa-Teemane Local Municipality [NW396] is approximately 3 681 km² in extent [7.75% of the total area of the Dr Ruth S Mompoti Municipal Area].

The settlement pattern is fragmentary with small, low-intensity urban areas scattered throughout and surrounded by vast rural areas. The more urban areas, or towns, comprise of higher density settlements with mainly a residential character, except for the only regional urban centre or node, being Vryburg, which has a mix of land uses, varying from residential, retail, institutional to manufacturing and industrial. The major towns are surrounded by very low-density, scattered rural settlements, villages and vast rural areas. The Dr Ruth S Mompoti District Municipal Area may very rightly so be described as the rural hinterland of the North West Province.

1.2.3. The demographic profile

1.2.3.1. Population

The Stats SA Community Survey, 2008 estimate a decrease in population figures from 432 069 in 2001 to 354 554 in 2008. The household figure remains more stable with a slight decrease from 102 518 in 2001 to 100 073 in 2008. The figures indicate a decline in population in all the local municipalities of Dr Ruth S Mompoti District Municipality. This decline in population takes into cognisance the boundary changes made to Kagisano in 2006 (constituting approximately 7000 demarcated people) and echoes the NSDP statements made about migration from Dr Ruth S Mompoti to the bigger cities and metropolitan areas.

The Global Insight Data however estimate the 2001 population figures at 483 643 and an annual increase of 1.1% resulting in 504 053 in 2005. The Demarcation Board echo this data with an estimate of 509 703 in 2006. These figures do not take into effect the boundary changes to Kagisano in 2006 and do not estimate a decrease, but allow an increase of 1.1%. The amount of households are also estimated at approximately 100 000.

Quantec and Kyamandi estimate an average growth of 0.4% in Greater Taung and 1.03% in Naledi Local Municipality. The Dr Ruth Mompoti District Municipality IMIS Data provide very accurate data in terms of land parcels and constructed housing units, but do not have any field data that can determine household size and confirm the amount of households to be approximately 100 000.

1.3. The Developmental Challenges

The Dr. Ruth Segomotsi Mompoti District Municipality faces huge developmental challenges, which revolve around the following:

- How to find sustainable ways to meet basic, social and economic needs of the people of the district [i.e. meeting the challenge of sustainability]; and
- How to Improve the quality of human life and the human living environment of the people of the district by creating and sustaining integrated, humane, equitable and viable settlements in the area of jurisdiction of the district [hereafter referred to as the Dr Ruth S Mompoti Municipal Area] [i.e. meeting the challenge of sustainable development].

The Dr Ruth S Mompoti Area presents a particularly complex scenario with diverse political demarcation areas and wards, communities, cultures, and languages, and extremes of poverty and wealth, leading to extremes in human developmental levels. Existing standards of living and the lack of awareness of the environmental impacts, associated with the latter, also lead to unrealistic expectations both from people living in poverty and those relatively better-off.

The Census, 2001 figures are clearly outdated and a variety of sources were used to compile this analysis synopsis:

- Statistics SA. Community Survey, 2008
- Dr Ruth S Mompoti District Municipality's IMIS Data, 2008
- Global Insight Data consolidated by NW Province, 2006
- The Demarcation Board, which mainly rely on Global Insight Data
- Geospatial Analysis Platform and NSDP Spatial Profile with principle sources being Global Insight, DBSA and Statistics SA, 2008

After analysis of the data it became evident that the Stats SA, Community Survey Data, 2008 provide a paradoxical picture in relation to other sources. It was therefore decided to only present this paradox in the tabled IDP and seek further understanding before the entire scope of analysis is presented. The tabled document therefore removed all outdated data and will present a better picture after issues regarding conflicting data are resolved.

CHAPTER 2: PERFORMANCE HIGHLIGHTS**2. THE HIGHLIGHTS OF SERVICE PROVIDED****2.1. Service Delivery Reporting**

As the Water Service Authority the following are the highlights and achievements for the year on key Projects:

2.1.1. Dr Ruth Segomotsi Mompoti District Rural Sanitation Programme

- There is limited funding available to eradicate backlogs, because the current rate of funding for this programme is approximately R7.5 million/year.
- Dr Ruth Segomotsi Mompoti District need in the order of R74.0 Million a year to achieve targets.
- Currently no MIG allocation for Rural Sanitation projects

2.1.2. Dr Ruth Segomotsi Mompoti District Bucket Eradication Programme

- Through negotiations with DDLG & H, DBSA and Dr Ruth Segomotsi Mompoti District funding was secured for this programme.
- DBSA agreed to supply bridging capital on behalf of DDLG & H of R38, 5 Million to Dr Ruth Segomotsi Mompoti District District Municipality as a loan.
- DDLG & H undertook to pay Dr Ruth Segomotsi Mompoti District back to enable them to service the loan.
- The aim was to eradicate all Pre – 1994 buckets in the proclaim townships.
- Although Messrs. Moedi Consultants was appointed by the Local Municipalities before Dr Ruth Segomotsi Mompoti District requested Moedi to consider the option to take on board Emerging consultants for the four projects and this was done.
- Most of the planning and designs was completed which expedited the programme and enable Dr Ruth Segomotsi Mompoti District to ask for bids immediately.

-
- The primary objective of this programme was to replace the existing bucket sanitation system with a safe and humanly acceptable sewer system.
 - The new infrastructure comprises a water-borne sewer network with pre-cast concrete toilet cubicles complete with flush toilet on each beneficiary site.
 - A wash trough was attached to each toilet structure for which the women were particularly thankful.
 - In the two projects in Mamusa where no water meters existed before, electronic flow limiting devices were installed to improve water management in line with the provisions of the 6kl/house hold free basic water supply policy.
 - Approximately R 5,0 Million was paid to local temporary employment on this programme which is more than 12,5 % of the total Contract value (R39,270,850) which we regarded as an achievement (normally less than 5% goes to Local Labour).

2.1.3. Dr Ruth Segomotsi Mompoti District Rural Sanitation Programme

- This programme was implemented in house by the Technical Department of Dr Ruth Segomotsi Mompoti District and basically consist of the installation of basic sanitation (VIP'S) in the rural areas.
- Dr Ruth Segomotsi Mompoti District appointed contractors through an open bidding process and it was decided to go for the pre- cast option which enables Dr Ruth Segomotsi Mompoti District to expedite service delivery.
- The Local municipalities normally confirm priorities through there Council and per council resolution to formalise and confirm their priorities as per IDP'S.
- The Beneficiary of the project normally digs the pit at an agreed tariff for the contractor.
- The advantage of this programme is that it is a rates only contract and enables the Municipality to install more VIP'S as funds become available.

2.1.4. The Dr Ruth Segomotsi Mompoti District Bucket eradication programme

- Through this programme Dr Ruth Segomotsi Mompoti District was able to eradicate all PRE- 1994 buckets in its entire District.
- The outstanding buckets are in informal settlements on proclaimed areas and informal illegal squatting on un-proclaimed Municipal land and are regarded as part of the sanitation target for 2010.
- For the first year MIG allocations was received for the 2007/2008 financial year for Bucket Eradication Programme and will be utilized to eradicate all outstanding buckets on proclaimed areas before July 2008.

2.1.5. Dr Ruth Segomotsi Mompoti District Rural Sanitation Programme

- Dr Ruth Segomotsi Mompoti District will not achieve its targets in 2010 at the funding rate of approximately R7, 5 Million a year.
- Dr Ruth Segomotsi Mompoti District through its Rural Sanitation Programme has enough capacity to handled up to R 40, 0 Million rand a year to install pre-cast VIP'S in the rural areas.
- Dr Ruth Segomotsi Mompoti District has saved professional fees and disbursements in deciding to implement the programme in-house.

2.1.6. Dr Ruth Segomotsi Mompoti District Bucket Eradication Programme

- Through the approval of funding for this project by DDLG & H and DBSA Dr Ruth Segomotsi Mompoti District was able to achieve its presidential targets for the Pre- 1994 Buckets.
- These projects also improve the lives of some local people because approximately R5, 0 Million was paid to local labour in the four projects which supports the local economic situation in these communities.

2.1.7. Dr Ruth Segomotsi Mompoti District Rural Sanitation Programme

- Through this programme the targets was reduced.
- The funding was however not enough to really have a significant effect towards achieving the 2010 targets

2.2. Key successes and challenges

2.2.1. The key successes

The brief narrative of all the services provided:

- 2483 new households provided with water during the financial year;
- 3500 of new households provided with sanitation during the financial year;

2.2.2. The key Challenges

Allocated Mig funds were committed to Bulk Sewer and Bulk Water upgrading projects for the next three years.

The biggest portion of available funding from Operating income was committed as counter funding for Bulk upgrading projects mentioned above (30%). This District Municipality does not have other means of income.

2.2.3. Backlogs relating to Municipal Spending on Service Delivery Infrastructure

To ensure that minimum services are provided, the municipality need to ensure that service delivery infrastructure is in place and properly maintained. This will require new infrastructure to be built and existing infrastructure to be maintained depending on the level and standard of service the municipality has decided to provide to each section of the community based on their IDP. Hence there are two components to municipal spending required to eliminate backlogs: new infrastructure and renewal of existing infrastructure. Routine maintenance of infrastructure will also be required to ensure that additional backlogs are not created.

The following table underneath provides information, per sector or functional area, to address backlogs through new infrastructure or renewal of existing infrastructure.

“Service Delivery Backlogs”

Functional Area	30 June 2008			
	Required	Budgeted	Actual	Backlog
Water Backlogs (6KI per month)				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	36465	2556	2483	33982
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	36.4%	2.56%	2.49%	33.9%
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 188,280,000.00	R35m	R35	R 153,000,000.00
Total Spending to Eliminate Backlogs (Rand '000)	R 342,756,000.00	R43	R49	R 293,000,000.00
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R88,364,000.00	R5m	R5m	R83,364,000.00
Sanitation Backlogs				
Backlogs to be eliminated (no. Households not receiving Minimum Standard Service)	54,793	2800	3500	51 293
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)	54.8%	2.80%	3.5%	51.3%
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)	R 243,786,000.00	R26.8m	R47.8m	R 290,000,000.00
Total Spending to Eliminate Backlogs (Rand '000)	R 378,000,000.00	R26.8m	R47.8m	R 330,200,000.00
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)	R85,000,000.00	R8m	R8m	R77m
Refuse Removal Backlogs				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	N/A			

Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)				
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)				
	Required	Budgeted	Actual	Backlog
Total Spending to Eliminate Backlogs (Rand '000)				
Electricity Backlogs (30KWH per Month)	N/a			
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)				
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)				
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)				
Total Spending to Eliminate Backlogs (Rand '000)				
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
Roads Backlogs				
Backlogs to be eliminated (No. Households not receiving Minimum Standard Service)	N/A			
Backlogs to be eliminated (Percentage - HH identified as backlogs/total HH in municipality)				
Spending on Renewal of Existing Infrastructure to Eliminate Backlogs (Rand '000)				
Total Spending to Eliminate Backlogs (Rand '000)				
Spending on Maintenance to Ensure No New Backlogs Created (Rand '000)				
TOTALS				

2.3. The Extent of Backlogs in Service Delivery

2.3.1. Number of households provided with basic water services

An estimated 80% of all settlements within the DR Ruth Segomotsi Mompoti District Municipality area of jurisdiction are rural villages and has rudimentary water supply networks consisting of boreholes as source supply, elevated tanks for storage and communal standpipes located within the village.

The table below gives detail of the current state of affairs regarding the provision of water supply in each municipality and the backlog noted to date.

A large percentage of these water networks have been constructed more than 10 years ago and although most standpipes are accessible within the RDP standard of 200m radial distances, maintenance to some of these systems is of poor standard which in itself creates a backlog towards service delivery.

RDP Water Service Backlog in DR Ruth Segomotsi Mompoti District Municipality

Local Municipality		Population (2007)	Households (2007)	Households un-served	% Un-served
NW395	Molopo	15,870	3,174	1,841	58
NW391	Kagisano	99,440	19,888	14,717	74
NW392	Naledi	68,380	13,676	1,504	11
NW393	Mamusa	52,145	10,429	1,043	10
NW394	Greater Taung	214,765	42,953	12,886	30
NW396	Lekwa – Teemane	49,765	9,953	1,991	20
Total (2007)		500,365	100,073	33,982	33,96%

(Source: DR Ruth S Mompoti DM-Backlog Study 2007-2008)

2.3.2. Number of households provided with basic sanitation services

Basic sanitation provision up to RDP level of service is the provision of a Ventilated Improved Pit latrine (VIP). The rural villages within the DR RUTH SEGOMOTSI MOMPATI area are characterised with self-constructed pit latrines and in a very small percentage of the villages projects have been implemented to provide VIP's.

The urban and town settlements such as Vryburg, Schweizer-Reneke, Bloemhof and Christiana in the DR RUTH SEGOMOTSI MOMPATI area has full-borne water sanitation with Sewer Treatment Plants, which at this point in time are over capacitated and extending of the plants are in the planning or construction stages.

The table below gives information of the current status of the sanitation backlog in the DR RUTH SEGOMOTSI MOMPATI area.

RDP Sanitation Service Backlog in DR Ruth Segomotsi Mompoti District Municipality

Local Municipality		Population (2007)	Households (2007)	Households un-served	% Un-served
NW395	Molopo	15,870	3,174	1,904	60
NW391	Kagisano	99,440	19,888	13,922	70
NW392	Naledi	68,380	13,676	1,368	10
NW393	Mamusa	52,145	10,429	1,147	11
NW394	Greater Taung	214,765	42,953	34,362	80
NW396	Lekwa – Teemane	49,765	9,953	2,090	21
Total (2007)		500,365	100,073	54,793	54,75%

(Source: DR Ruth S Mompoti DM-Backlog Study 2007-2008)

No historical information pertaining to the implementation of sanitation services since 2001 to date was available to determine either growth in population or the performance to deliver sanitation services. Households un-served: water and sanitation.

A challenge during the Backlog study that was conducted in 2007-2008 was to determine the lengths and capacities of bulk and reticulation water as well as sewer infrastructure. The only fair parameter to be reported on regarding backlog is households. Difference in household's occupancy also must be taken into consideration.

Comparing the water and sanitation needs of a rural household to that of an urban household one understand that the level of service provided to urban areas are much higher than RDP levels and this cannot be used in the same equation to determine if the area of supply is below or above RDP level, each household thus needs to be considered.

This study concentrated on the backlog on RDP standards towards the provision of water and sanitation, however it must be noted that Programmes to eradicate sewer buckets in the District has been in progress since 2005 and to date almost 3,000 buckets have been eradicated and another 2,000 buckets has been planned for the next two years.

2.3.3. Cost to eradicate backlogs

The table below gives detail of the estimated cost of eradicating the current water and sanitation backlog as determined in this Study with regards to households not being provided with the basic level of services. In order for the cost to be realistic, the current MIG guideline unit costs implemented for water and sanitation project have been used and can be summarised as follows:

- Unit cost per household for basic water provision = R7,344/household
- Unit cost per household for basic sanitation provision = R3,687/household

The unit cost for eradication buckets and replacing with water-borne sewer systems is approximately R11,061 per unit. Basic level of service for water is a communal standpipe installed in the villages/townships at 200m radial distances and the construction of a VIP toilet for sanitation. The table below outlines the estimated costs of eradicating the water and sanitation backlog in providing a basic LOS to households.

Cost of eradicate Water and Sanitation Service Backlog in DR RUTH SEGOMOTSI MOMPATI

Local Municipality		% Water Backlog	Cost for water provision R'1000	% Sanitation Backlog	Cost for sanitation provision R'1000
NW395	Molopo	58	16,224	60	8,426
NW391	Kagisano	74	129,699	70	61,595
NW392	Naledi	11	13,258	10	6,051
NW393	Mamusa	10	9,191	11	5,076
NW394	Greater Taung	30	113,561	80	152,033
NW396	Lekwa – Teemane	20	17,543	21	9,248
Total			299,476		242,429

(Source: DR Ruth S Mompoti DM-Backlog Study 2007-2008)

It is evident from the table above that a challenge lies ahead for effective planning, design and implementation of basic services in the DR RUTH SEGOMOTSI MOMPATI area of jurisdiction. The procurement of funds to the tune of more than R550,000,000 – over half a billion – within the next two years is a challenge to any given organisation.

2.3.4. Intended Projects Planned to address bulk services

Adding to the above challenge is to ensure that the bulk services are adequate to supply towards basic infrastructure. The following table gives detail of the intended projects planned by DR RUTH SEGOMOTSI MOMPATI for BULK WATER AND SANITATION with the current status (April 2008) on the estimated costs and implementation of these projects.

WATER SERVICES REGIONAL BULK PROGRAMME (April 2008)

Scheme Name	Estimated Cost (Millions)	Status
Pudimoe: Upgrading of Water Works	70	Feasibility and Technical Report completed
Pudimoe: New bulk supply from Pudimoe to Vryburg	140	Feasibility and Technical Report completed
Vryburg: Upgrading of Sewer Works	40	Feasibility report in progress
Vryburg: Upgrading of bulk water to approved housing projects	18	Feasibility and Technical Report completed
Vryburg: Upgrading of bulk sewer to approved housing projects	16	Tender stage
Mamusa: Upgrading of bulk water supply to Mamusa area	350	Feasibility and Technical Report completed
Bloemhof: Upgrading of raw water abstraction from Bloemhof to the Water Works	16	Feasibility report in progress
Bloemhof: Upgrading of Water Works	30	Feasibility report in progress
Bloemhof: Upgrading of Sewer pump stations and bulk sewer infrastructure	25	Planning
Christiana: Upgrading of Bulk Water infrastructure and Water Works	12	Feasibility report in progress
Stella: Upgrading of Bulk Water	15	Planning
Stella: Building of new sewer works	15	Planning
Taung: Upgrading of Sewer Works	10	Planning
Bray: Upgrading of Sewer Works	10	Planning
Ganyesa: Building of Oxidation ponds	5	Planning

Greater Taung: Utilisation of Taung Dam water: new 12ML reservoir in Taung	45	DWAF National appointed Consultants
Greater Taung: Utilisation of Taung Dam water: new reservoirs at Morokweng and Taung village	90	DWAF National appointed Consultants
Amalia: Upgrading of Oxidation ponds	5	Planning
Glaudina: Upgrading of Oxidation ponds	5	Planning
TOTAL - Millions	917	

(Planning = No Service Provider appointed to compile Feasibility or any other report.)

(Source : Project Department DR RUTH SEGOMOTSI MOMPATI)

In conclusion, adding the financial challenges of providing not only the basic water and sanitation infrastructure together with the bulk infrastructure development planned by the DR Ruth Segomotsi Mompoti District Municipality, a mammoth task lies ahead to ensure sustainable implementation of these services. Feasibility and technical reports completed for the projects indicated above were not perused for the purpose of this study, however it is important to note the programme planned by DR RUTH SEGOMOTSI MOMPATI in ensuring that bulk services are adequate to provide for the basic and other level of services.

2.3.5. Operational and Maintenance (and Technical) issues

Operation of existing infrastructure, maintenance and preventative maintenance towards water and sanitation as a basic level of service is very much neglected due to budget, resource and operational plant constraints throughout the DR RUTH SEGOMOTSI MOMPATI area. Numerous programmes and emergency projects are put in place in the Taung and Kagisano areas to address the backlog in maintenance, which in itself adds to the backlog of implementing new services.

Technical personnel within the Services Providers of Kagisano LM are mostly operating on skeleton staff and the readily availability of repair materials handicap the Providers even more. In the Mamusa LM area water and sanitation infrastructure installed less than a year ago are already showing defects towards poor workmanship and operational abilities.

To guide against these negative factors it is imperative that no compromise be given during the implementation stage of the project either towards funding of workmanship. Operation and maintenance personnel of Services Providers also need to be send on frequent refreshment courses to keep in touch with the latest technology. Technical issues faced are the lack of proper water and sanitation provision as a basic service to the communities. Strategies to be followed are to develop norms and standards together with proper planning, a service implementation plan and budgetary forecasts.

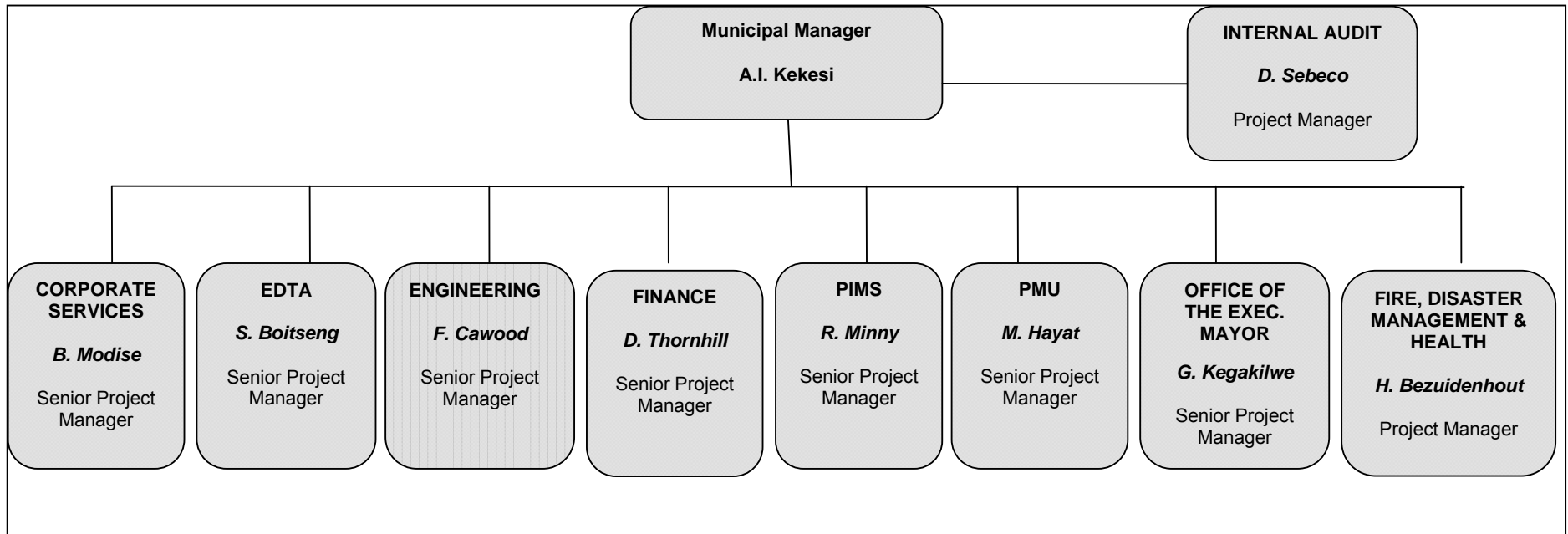
CHAPTER 3: HUMAN RESOURCES

3. HUMAN RESOURCES

3.1. Organisational Structure

The current organisational structure of Resolution Number (2006/103) was being revised and in a process of being aligned to the IDP and the new Powers and Functions.

The following is the summary executive structure of the district management.



3.2. Trends in Personnel Expenditure

The following table depicts the trends on total personnel expenditure over the last 3 to 5 years, compared to total budget.

Financial Year	Budget R	Actual R	Budget/Actual Variance R	% of Total Operating Budget
2004/2005	R 20,242,519	R 18,580,178	R 1,662,341	17%
2005/2006	R 27,128,102	R 21,319,664	R 5,808,438	19%
2006/2007	R 21,429,481	R 23,080,284	-R 1,650,803	18%
2007/2008	R 30,501,830	R 28,345,332	R 2,156,498	25%

3.3. Staff Information

TOTAL NUMBER OF EMPLOYEES IN THE MUNICIPALITY																		
Employment category	African		Coloured		Indian		White		Total		PWD		Age categories					
	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50	
Leadership & governance																		
Executive Mayor	1								1								1	
Mayor																		
Councillors	18	3					2		20	3				1	9	5	8	
Chairperson	2	2	1						3	2					4	1		
Board Member																		
Other (Specify) Council Speaker	1								1								1	
Municipal Manager's Office	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50	
Municipal Manager	1								1								1	
PA to the Municipal Manager (Vacant)								1		1				1				

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Corporate Services Department	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Senior Project Manager	1								1						1		
Project Manager: HR	1								1						1		
Project Manager: Admin		1								1					1		
Skills Development Facilitator	1								1						1		
Mayoral Committee Co-ordinator	1								1						1		
Human Resource Officer						1				1					1		
Labour Relations Coordinator	1								1					1			
Human Resource Clerk		1								1					1		
Registry Clerk		1								1					1		
Secretary/Typist		1								1						1	
Receptionist		1								1					1		
Transport Officer			1						1							1	
Photocopy Machine Operator	1								1						1		
Messenger/Driver	2								2						1	1	
Messenger/Cleaner	3	1							3	1					4		
Temporary Cleaner	1	2							1	2					1	2	
Finance Department	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Chief Financial Officer							1		1							1	
Senior Financial Officer				1						1				1			
Senior Accountant		1								1					1		
Acting Senior Accountant								1		1			1				
Accountant Expenditure		1								1					1		
Accountant Revenue	1									1				1			
Senior Clerk: Expenditure		1								1				1			
Senior Clerk:								1		1						1	
Salary Clerk		1								1					1		
Cashier		1								1					1		
MFMA Interns		5								5				5			

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Internal Audit Department	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Senior Project Manager : Internal Audit		1								1				1			
Manager: Internal Audit		1	1						1	1					2		
Senior Internal Auditor	2								2					2			
Internal Auditor	2	4							2	2				4	2		
Internal Audit Clerk		1								1				1			
Community Services Department	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Project Manager :Disaster		1								1							1
Environmental Health Officer	2						2	2	4	2						3	3
Senior Professional Nurse		1								1							1
Leading Fire Fighter	5								5						5	1	
Admin Clerk		1															
Fire Fighter	13	1							13	1					11	3	
Engineering Department	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Senior Project Manager							1		1								1
Project Manager	1								1						1		
Project Management Unit	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Senior Project Manager					1				1						1		
Project Manager	1								1						1		
Legal Advisor	1								1						1		
Project Technician	2								2					2			
Data Analyst			1						1					1			

Office of the Executive Mayor	M	F	M	F	M	F	M	F	M	F	M	F	-20	20-30	30-40	40-50	+50
Senior Project Manager	1								1								1
Communications Officer		1								1					1		
Development Officer		1								1					1		
Secretary to the Executive Mayor								1								1	
Driver to the Mayor	1								1						1		
Economic Development Tourism & Agriculture Department																	
Senior Project Manager	1								1							1	
Project Manager: LED	1								1						1		
Project Manager: Agriculture	1								1						1		
Project Manager: Tourism		1								1					1		
Sports Co-ordinator			1													1	
LED Officer	1								1							1	
Tourism Officer	1	1							1	1					2		
LED Assistant		3								3				1	2		
Tourism Assistant	1	1							1	1			1		1		
PIMS Department																	
Project Manager: PMS	1								1						1		
IDP Coordinator		1								1					1		
GIS Officer								1		1			1				
Administrator		1								1			1				
TOTAL	73	44	5	1	1	1	6	7	84	50			4	23	57	27	14

3.4. Skills level

SKILLS LEVEL						
	Senior Officials	Professionals	Clerical	Elementary Occupation	Other	Total
Office of the Municipal Manager	1	1	0	0	0	2
Corporate Services	4	2	5	7	0	18
Finance	2	3	4	0	2	11
Engineering	4	0	0	2	0	6
LED	4	3	6	0	0	13
Community Services	1	7	19	0	1	28
Internal Audit	3	8	1	0	0	12
PIMS	1	2	1	0	0	4
Office of the Executive Mayor	1	2	1	0	1	5
Total	19	18	32	20	2	91

3.5. Disclosure of Senior Staff benefits

Description	Mayor	Executive Councillors (list individually)	Municipal Manager	Chief Financial Officer	Other Senior Managers (list individually)	TOTAL
Salaries and Wages R'000					Corporate Services Manager; PIMS Manager; EDTA Manager; Engineering Manager; PMU Manager; Special Projects Manager; Fire and Disaster; Internal Audit	
Normal	280,377.60	1,051,416.00	378,000.00	381,741.60	2,616,133.45	4,707,668.65
Contributions R'000		-			-	-
Pensions	42,056.64	157,712.40	68,040.00	-	328,132.68	595,941.72
Medical Aid	12,059.25	48,453.60	15,004.80	16,669.92	74,024.40	166,211.97
Other	3,685.13	13,615.70	5,969.42	9,194.02	51,616.13	84,080.40
Allowances R'000		-			-	-
Travel and Motor Car	74,369.40	351,862.92	159,924.71	124,955.13	872,952.24	1,584,064.40
Accommodation	-	14,400.00	6,393.58	-	29,150.00	49,943.58
Subsistence	15,184.85	16,125.00	9,800.00	2,150.00	22,175.00	65,434.85
Housing Benefits and Allowances R'000	62,708.07	231,924.00	78,955.17	137,467.76	431,069.37	942,124.37
Loans and Advances R'000	-	-			-	-

Other Benefits and Allowances R'000(specify)		-			-	-
Cell/Telephone All	11,339.34	4,150.00			-	15,489.34
Acting Allowance		-		76,936.94	167,878.63	244,815.57
Leave encashment		-		17,209.47	23,902.03	41,111.50
13 th Cheque		-			-	-
Entertainment All		-			-	-
Performance Bonus		-		97,401.58	547,097.18	644,498.76
Arrears Owed to Municipality R'000		-			-	-
		-			-	-

3.6. HR Practices and Policies

The following policies were adopted by Council during 2007/8 financial year and some of the policies are still on the draft stage

- **Adopted policies**

- Travel and Subsistence Policy
- Amendment to Ruth S. Mompoti Bursary Policy
- Delegation of Powers and Functions
- Extension of Collective Agreement

- **Draft policies**

- Amendment to Cell phone Policy
- Amendment to Lap-top Policy
- Amendment to Retention Policy

3.7. Employment Equity

There is an existing Employment Equity Plan (EEP) that expires in 2008 and the progress report is submitted to DoL and DDLG&H on bi-annual basis.

One female was employed as section 57 Manager to lead the District Internal Audit shared services and the municipality has employed many females than male employees in all the appointments that were made thus far.

3.8. Skills Development

The Workplace Skills Plan and the Annual Training Report for 2007/08 financial year were submitted to Local Government Sector Education Authority (LGSETA) on 30 June 2008 and also to the DDLG&H and DoL. The report outlines all training programmes implemented in the financial year including skills development projects for unemployed people. e.g. learnerships and Internships.

The municipality has concluded the following learnership programmes in which unemployed youth participated.

- Municipal Finance and Administration at NQF level 4.
- Water Purification at NQF level 2
- Water Reticulation at NQF level 2
- Waste Water Management Services at NQF level 2

The completion reports are attached for ease of reference. Some of the above-mentioned learners have been absorbed by local municipalities in the district.

Training for employees is an on-going process and the annual training report was submitted to the Local Government Sector Education and Training Authority (LGSETA). In addition, 10 (ten) youth volunteers were trained in emergency and fire services to equip them with necessary skills to assist them to enter the labour market.

3.9. Governance

- Review the composition of Portfolio Committees.
- Provide support to Ward Committees

3.10. Municipal Transformation and Institutional Development

- Appointed Consultant to draw Organisational Structure and develop WSP.
- Meeting Unions (IMATU and SAMWU) to craft LLF Agenda.
- Conducting LLF Meeting: Discussing Organisational Structure.
- Facilitating Management and Council meetings.
- Appointment of service providers to conduct the following functions:
 - EEP Workshop;
 - Team Building.
- Appointment of additional security guards

3.11. Occupational Health and Safety

- Only the chairperson is appointed. No meetings were held and the policy is still on draft stage.

3.12. Performance Management

- There was lack of adequate quarterly reporting as identified by the Auditor-Generals Report for 2006/2007 financial year. Therefore, management resolved to put in place proper controls to ensure quarterly reporting is done adequately as prescribed by legislation and other policy directives.
- The challenge has been to get the cooperation of all Senior Managers and Managers to report on a quarterly basis as required. This process was able to assist the municipality to regular review, measure and report on its performance against the targets and Key Performance Indicators as outlined in the IDP, Top Layer SBDIP and the Technical (Departmental) SDBIPs also as cascaded in the individual performance of each Section 57 Manager.
- Three (3) quarterly review sessions were conducted. One Mid-year Budget and Performance Assessment was conducted. All were held as set out in the planning programme and reports were produced to that effect of which the Council has approved so far.
- The Municipal Manager, ensure that the Planning Programme and the IDP Process Plans are adhered to at all times. He delegated the task to the Project Manager: Performance Management to ensure that he facilitates of the processes leading the quarterly assessments. Targets and return dates were agreed upon and the sessions were held as agreed for strategic review and planning purpose and to report on performances of each department.

3.13. Pension Funds

- Pension
 - Cape Joint Retirement Fund
 - All employees are currently on CJRF excluding other Section 57 Managers who opted not to belong the pension funds.
 - Government Employees Pension Fund
 - R 293 personnel were on GPPF and have been transferred to CJRF with effect from July 2008.

3.14. Medical Aid Funds

The following are the Medical Aid Funds used by employees of the municipality:

- Hosmed
- Bonitas
- SAMWUMED
- LAHealth
- Munimed
- Promed

3.15. Arrears

No official or councillor is currently in arrears with the municipality in any of his/her financial obligations.

CHAPTER 4: AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2008

We are pleased to present our report for the financial year ended 30 June 2008.

Members of the Audit Committee:

Ms. J.S. Masite (Chairperson)
 Mr. S.C. Williams
 Mr. S. Dlanjwa
 Mr. M. Jarvis
 Ms. M. Seleho
 Mr. E. van Rensburg

Attendance of meetings

The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), requires that the Audit Committee meet at least four times a year. During the financial year under review, four meetings were held. Matters relating to performance management and evaluation, risk management, internal control, governance processes and financial reporting were discussed at the meetings held.

The attendance record for members of the Committee was as follows:

Name of member	Number of meetings held during the year	Number of meetings attended during the year
Ms. J. Masite (Chairperson)	4	4
Mr. S.C. Williams	4	2
Mr. S. Dlanjwa	4	2
Mr. E. van Rensburg	4	3
Mr. M. Seleho	4	3
Mr. M. Jarvis	4	4

AUDIT COMMITTEE RESONSIBILITY

The Committee reports that it has as far as possible complied with its responsibility arising from its terms of reference including relevant legislative requirements.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The deficiency and shortcomings reported by Internal Audit Services and the Auditor-General as well as matters brought to the attention of the Accounting Officer by way of informal queries and management letters indicates that the internal checking and control measures did not function adequately in various respects during the year under review. Accordingly, the Auditor-General has not placed any reliance on the internal controls in the finalization of the year-end audit.

A key improvement in the control environment has been noted by the establishment of an oversight committee to assist the Council in ensuring appropriate standards in terms of handling public funds and serving in public office. In addition, delegation of authority and the assignment of responsibility within the organization were also more clearly defined.

Furthermore, the committee has reviewed the internal audit structure to enhance the internal control environment of the District Municipality. The committee further would like to acknowledge and appreciate the support from the Mayoral Committee, particularly the Executive Mayor in this initiative of the new internal audit structure.

Internal Audit was fully functional throughout the year and due to factors that were beyond the control of the department, it has partially fulfilled its' responsibilities in terms of section 166 of the MFMA.

RISK MANAGEMENT

Whilst progress has been made in the establishment of the risk management structure and framework, a formal enterprise wide risk management function and process was also established and implemented for the year under review. This includes the development of risk registers and risk assessment reports.

In order to enhance the risk management process of the municipality, the District is in the process of establishing a shared risk management unit in the District Municipal Manager's office in order that it can work independently and comply with relevant legislation.

PERFORMANCE MEASUREMENT

Management Reports:

The committee notes an improvement in the method of reporting the performance of the municipality.

Performance Management:

Whilst the committee acknowledges improvements in the Performance Management System, it draws attention to the highlighted areas of non-compliance as contained in the Auditor-General's report and the Internal Audit control environment report.

These include the following:

- The integrated development plan of the municipality did not include key performance indicators and performance targets as required by section 26(i) of the MSA.
- Lack of reporting on all predetermined objectives in annual reports.
- The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.
- We were unable to obtain sufficient appropriate audit evidence in relation to the performance information of the municipality, as the system used of generating information on the indicators and targets was not adequate for the purposes of evaluation.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy note 1 from the basis of accounting applicable to the municipality in terms of General Notice 552 of 2007, issued in Government Gazette No. 30013 of 29 June 2007 and in a manner required by the MFMA.

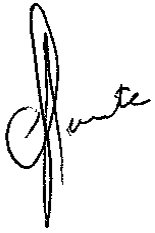
The Committee has:

- Not reviewed the audited annual financial statements for the year ended 30 June 2008
- Noted the actions taken by management in respect of the previous year's emphasis of matter paragraph.
- Reviewed management responses to the management report issued by the Auditor-General.

CONCLUSION

The Committee concurs and accepts the Auditor-General's report on the annual financial statements for the year ended 30 June 2008. The Committee is of the opinion that the audited Annual Financial Statements should be accepted and read together with the reports of the Auditor-General.

The committee fully supports the District on its' journey of improved service delivery.



**J. MASITE
CHAIRPERSON OF THE AUDIT COMMITTEE**

4.2 REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Dr Ruth Segomotsi Mompoti District Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 90.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by

the Dr Ruth Segomotsi Mompoti District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in accounting policy note 1 to the financial statements.

Opinion

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the Dr Ruth Segomotsi Mompoti District Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the MFMA and the DoRA.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

11. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		X
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.	X	
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		X
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		X
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the	X	

Matter of governance	Yes	No
unavailability of senior management.		
<ul style="list-style-type: none"> The prior year's external audit recommendations have been substantially implemented. 	X	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
<ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007. 		X
<ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP. 		X
<ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. 		X

Unaudited supplementary schedules

12. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information set out on pages 91 to 95 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

13. I have reviewed the performance information as set out on pages 13 to 23.

Responsibility of the accounting officer for the performance information

14. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)**Non-compliance with regulatory requirements**

18. Content of integrated development plan

The integrated development plan of the municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by section 26(i) of the MSA.

19. Lack of reporting on all predetermined objectives in annual report

I draw attention to the fact that the municipality has not reported on all the key performance indicators and targets set for each development priority and objective, as required by section 41(1)(c) of the MSA.

20. Existence and functioning of a performance audit committee

The audit committee did not review the municipality's performance management system and make recommendations in this regard to the council of the municipality.

21. Internal auditing of performance measurements

The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

Lack of sufficient appropriate audit evidence

22. Lack of systems generating performance information

I was unable to obtain sufficient appropriate audit evidence in relation to the performance information of the municipality, as the system used for generating information on the indicators and target was not adequate for purposes of the evaluation.

APPRECIATION

23. The assistance rendered by the staff of the Dr Ruth Segomotsi Mompati District Municipality during the audit is sincerely appreciated.



Rustenburg
30 November 2008



A U D I T O R - G E N E R A L

4.3 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008



**ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2008**



MUNICIPAL MANAGER'S DECLARATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 48, in terms of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 16 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



IA KEKESI
MUNICIPAL MANAGER
31 August 2008

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**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008**

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		248,579,733	163,756,160
Capital replacement reserve		3,569,571	3,569,571
Capitilisation reserve		629,822	1,089,948
Government grant reserve		178,746,330	108,609,816
Revaluation reserve		8,914,255	6,980,630
Accumulated surplus / (deficit)		56,719,755	43,506,195
Non-current liabilities		6,000,000	22,313,352
Long-term liabilities	1	6,000,000	22,313,352
Current liabilities		85,925,182	74,687,030
Deposits	2	-	248,828
Provisions	3	-	-
Creditors	4	40,780,851	18,999,645
Unspent conditional grants and receipts	5	30,840,266	32,996,183
Bank overdraft	12	-	1,577,912
Current portion of long-term liabilities	1	14,304,065	20,864,462
TOTAL NET ASSETS AND LIABILITIES		340,504,915	260,756,542
ASSETS			
Non-current assets		243,510,131	172,456,536
Property, plant and equipment	7	243,510,131	172,445,478
Long-term receivables	8	-	11,058
Current assets		96,994,784	88,300,006
Consumer debtors	9	-	147,393
Other debtors	10	5,848,031	3,943,125
VAT	6	33,557,283	12,300,648
Current portion of long-term receivables	8	11,058	91,754
Call investment deposits	11	-	-
Bank balances and cash	12	57,578,412	71,817,086
TOTAL ASSETS		340,504,915	260,756,542

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
REVENUE			
Rental of facilities and equipment		406,959	369,962
Interest earned - external investments		6,413,736	4,556,844
Interest earned - bank		3,554,591	2,046,965
Interest earned - outstanding debtors		19,248	79,145
Government grants and subsidies	13	215,310,126	171,848,756
Other income	14	582,823	86,041
Impairment reversal of PPE		48,750	337,758
Gains on disposal of PPE		417,341	49,625
TOTAL REVENUE		226,753,574	179,375,095
EXPENDITURE			
Employee related costs	15	28,345,332	23,080,284
Remuneration of councillors	16	3,198,415	3,096,048
Impairment of receivables		4,785,651	1,488,047
Collection costs		-	372,544
Depreciation		4,365,497	1,907,767
Impairment of PPE		-	-
Repairs and maintenance		1,586,079	1,692,423
Interest paid	17	2,624,971	1,493,470
Bulk purchases	18	32,134,390	44,057,907
Contracted services		8,918,653	11,292,636
Grants and subsidies paid	19	52,820,275	27,322,026
General expenses	20	16,014,770	11,263,175
Loss on disposal of PPE		43,545	171,051
TOTAL EXPENDITURE		154,837,577	127,237,378
SURPLUS / (DEFICIT) FOR THE YEAR		71,915,998	52,137,717

Refer to [Appendix E\(1\)](#) for the comparison with the approved budget

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Revaluation reserve	Accumulated surplus / (deficit)	Total
	R	R	R	R	R	R
2007						
Balance at 1 July 2006	3,569,571	1,639,263	59,555,244	5,796,474	39,873,735	110,434,287
Correction of error	-	-	-	-	-	-
Change in accounting policy	-	-	-	-	-	-
Restated balance	3,569,571	1,639,263	59,555,244	5,796,474	39,873,735	110,434,287
Surplus / (deficit) for the year	-	-	-	-	52,137,717	52,137,717
PPE revalued	-	-	-	1,184,156	-	1,184,156
Capital grants used to purchase PPE	-	-	49,822,113	-	-49,822,113	-
Offsetting of depreciation	-	-549,315	-767,542	-	1,316,856	-
Balance at 30 June 2007	3,569,571	1,089,948	108,609,816	6,980,630	43,506,195	163,756,160
2008						
Correction of error	-	-	-	-	-	-
Infrastructure PPE not previously disclosed	-	-	-	-	10,973,950	10,973,950
Change in accounting policy	-	-	-	-	-	-
Restated balance	3,569,571	1,089,948	108,609,816	6,980,630	54,480,145	174,730,110
Surplus / (deficit) for the year	-	-	-	-	71,915,998	71,915,998
PPE purchased	-	-	88,779,061	-	-88,779,061	-
PPE revalued	-	-	-	1,933,625	-	1,933,625
Offsetting of depreciation	-	-460,128	-18,642,546	-	19,102,673	-
Balance at 30 June 2008	3,569,571	629,822	178,748,330	8,914,255	56,719,755.00	248,579,733

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		207,676,540	156,291,060
Cash paid to suppliers and employees		-123,672,827	-114,617,259
Cash generated from / (utilised in) operations	21	84,003,713	41,673,801
Interest received		9,987,576	6,682,953
Interest paid		-2,624,971	-1,493,470
NET CASH FROM OPERATING ACTIVITIES		91,366,318	46,863,284
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-81,566,455	-94,734,952
Proceeds on disposal of property, plant and equipment		650,895	167,967
(Increase) / decrease in non-current receivables		11,058	427,502
NET CASH FROM INVESTING ACTIVITIES		-80,904,503	-94,139,484
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised / (repaid)		-22,873,748	42,305,498
Increase / (Decrease) in consumer deposits		-248,828	64,606
Decrease / (increase) in short-term loans		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		-23,122,576	42,370,104
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		-12,660,762	-4,906,096
Cash and cash equivalents at the beginning of the year		70,239,174	75,145,269
Cash and cash equivalents at the end of the year	22	57,578,412	70,239,174

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

1. BASIS OF PRESENTATION

These Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- i) General Notice 991 of 2005, dated 7 December 2005 and issued in Government Gazette No. 28095 of 15 December 2005; and
- ii) General Notice 992 of 2005, dated 15 December 2005 and issued in Government Gazette No. 28095 of 7 December 2005

These standards are summarised as follows:-

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	Accounting policies, changes in accounting estimates and errors
GAMAP 04	The effects of changes in foreign exchange rates
GAMAP 06	Consolidated financial statements and accounting for controlled entities
GAMAP 07	Accounting for investments in associates
GAMAP 08	Financial reporting of interests in joint ventures
GAMAP 09	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

These Annual Financial Statements are prepared on the historical cost basis.

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on a going concern basis.

4. OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

5. RESERVES

5.1 CAPITAL REPLACEMENT RESERVE (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 CAPITALISATION RESERVE

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit). The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.3 GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

5.4 RE-VALUATION RESERVE

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are not depreciated. Revaluations on land and buildings are performed in 3 year cycles. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

6. PROPERTY, PLANT AND EQUIPMENT

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to GAMAP 17:

Municipalities are not required to review the useful lives of depreciation methods for the items of property, plant and equipment that have been recognised in its annual financial statements.

Testing for and impairing any items of property, plant and equipment is not required during the exemption period.

A municipality need not apply this standard to any investment properties or biological assets that are recognised at cost. In addition, a municipality need not apply this standard to any recognised intangible assets.

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IFRS5 (AC142):

The recognition, measurement and disclosure of assets (and relating liabilities) meeting the criteria of 'non-current assets held for sale' need not be accounted for in terms of this standard.

The municipality has made use of the transitional arrangement contained in GAMAP 17 wherein infrastructure assets are not recognised for the first 3 years after implementation of the new GRAP / GAMAP standards.

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below.

Work-in-progress assets in the process of construction is recognised at cost and is depreciated once brought into use (on receipt of the applicable final completion certificate from the relevant consulting engineer, which coincides with the final release of retention).

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated as follows on the different PPE categories of the municipality:

<u>PPE category</u>	<u>Method</u>	<u>Years</u>
Land and buildings	Revalued at fair value	3 year cycles
Official vehicles	Straight-line method over estimated useful life of assets	5
Machinery and equipment	Straight-line method over estimated useful life of assets	3
Office equipment	Straight-line method over estimated useful life of assets	3
Office furniture	Straight-line method over estimated useful life of assets	7
Computer equipment	Straight-line method over estimated useful life of assets	3
Other	Straight-line method over estimated useful life of assets	3

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation.

8. INTANGIBLE ASSETS

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IAS 38 (AC129):

Municipalities are only required to apply this standard to expenditure relating to software and website costs.

9. INVESTMENT PROPERTY

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IAS 40 (AC135):

If a municipality has identified property (that was not previously recognised as investment property in its annual financial statements) and has not satisfied itself that the item is in actual fact an investment property, it need not apply this standard provided that the item is accounted for in terms of GAMAP 17.

10. FINANCIAL ASSETS

10.1 Financial assets at Fair Value through Profit or Loss (FVTPL)

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss credited or charged to the Statement of Financial Performance. The net gain or loss credited or charged to the Statement of Financial Performance incorporates any dividend or interest earned on the financial asset.

The fair value of financial assets at FVTPL is determined with reference to quoted market prices.

On disposal of financial assets at FVTPL, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

10.2 Held to maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to maturity are recognised on a trade date basis and are initially measured at cost.

Subsequently, held-to-maturity debt securities are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

10.3 Available for sale investments

Listed equities are stated at fair value. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, are recognised directly in net assets in the investments revaluation reserve.

On disposal of available for sale investments or when such investments are determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is charged or credited to the Statement of Financial Performance.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

10.4 Loans and receivables

Loans and receivables are recognised on a transaction date basis and are initially measured at cost.

The impairment of loans and receivables is recognised by adjusting the carrying value through the use of a bad debt provision. Increases or decreases to the bad debt provision are recognised as a charge or credit in the Statement of Financial Performance.

11. LEASES

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to IAS 17 (AC105):

Smoothing' of operating lease expenses / revenues in the statement of financial performance is not required for the 2006/07 and 2007/08 financial years.

11.1 The municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

11.2 The municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

12. FINANCIAL LIABILITIES

12.1 Financial liabilities at Fair Value through Profit or Loss (FVTPL)

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss being credited or charged to the Statement of Financial Performance. The gain or loss credited or charged to the Statement of Financial Performance includes any interest paid on the financial liability.

The fair value of financial liabilities at FVTPL is determined by reference to quoted market prices.

12.2 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

13 REVENUE RECOGNITION

In terms of Government Gazette no 30013 of 29 June 2007 the following exemptions are applicable with regards to GAMAP 9:

The initial recognition of revenue at fair value.

13.1 Revenue from exchange transactions

Rendering of services

Revenue arising from the rendering of services and the application of the approved tariff of charges is recognised by reference to the percentage of completion as at the reporting date. Where the percentage of completion cannot be measured reliably, revenue from the rendering of services and the application of the approved tariff of charges is recognised to the extent of expenses are recoverable.

Sale of goods

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Service charges

Operating lease revenue is recognised on a straight-line basis over the lease term.

Interest, royalties and dividends

Interest is recognised on a time proportion basis.

Royalty revenue that is earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised by reference to the underlying agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Other grants and donations

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

13.2 Revenue from non-exchange transactions

Levies

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data is accrued. Estimates are reviewed regularly to ensure that average data is appropriate. The collection of RSC levies have been discontinued by the Minister of Finance as from 1 July 2006. No further levies received are recognised as income and is off-set against the levy debtors control account. From 1 July 2007 all levies received with regards to levy debtors previously written-off are accounted for against bad debts recovered.

Other

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

14. BORROWING COSTS

14.1 Expensed

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

16. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

17. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

18. UNAUTHORIZED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2008**

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

22. TRADE CREDITORS

Trade creditors are stated at their nominal value.

23. CONSTRUCTION GUARANTEES

In instances where contractors are unable to acquire written construction guarantees, cash deposits are accepted as an alternative. These deposits, once received, are paid into a separate call account and transferred back to the primary account once released. The deposit is utilised to off-set costs incurred by the municipality in the event of default by a contractor. No interest is credited to the deposit.

24. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

25. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

26. COMPARATIVE INFORMATION

26.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

26.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
1. LONG-TERM LIABILITIES		
Long-term loans	20,304,065	43,177,814
Sub-total	20,304,065	43,177,814
Less: Current portion transferred to current liabilities	-14,304,065	-20,864,462
Long-term loans	14,304,065	20,864,462
Total external loans	6,000,000	22,313,352
Refer to Appendix A for more detail on long-term liabilities.		
R0 (2007: R0) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities.		
2. DEPOSITS		
Construction guarantees	-	248,828
Total deposits	-	248,828
3. PROVISIONS		
Refer note 4 below		
4. CREDITORS		
Trade creditors	-	-
Payments received in advance	-	-
Leave pay	1,242,849	738,454
Retentions	9,520,840	7,436,100
Other creditors	30,017,162	10,825,091
Total creditors	40,780,851	18,999,645
The movement in leave pay above are reconciled as follows:		
Balance at beginning of year	738,454	1,028,419
Transfer from non-current	-	-
Contribution to provision	1,165,623	605,912
Expenditure incurred	-661,228	-895,877
Balance at end of year	1,242,849	738,454

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
5.1 Conditional grants from other spheres of government	29,539,060	32,764,416
Municipal infrastructure grant	1,193	4,043,185
Provincial LED projects	444,650	464,826
National infrastructure grant	1,520,366	1,544,997
DWAF grant	7,993,512	7,623,005
New municipalities grant	272,574	272,574
Department of sport grant	913,474	913,474
IMMIS grant	914,922	1,056,228
Disaster management fund	2,236,732	1,775,877
Municipal systems improvement grant	1,799,450	1,094,091
Local government support grant	98,843	1,598,843
IDP / PMS support (DDLG&H)	214,546	214,546
Department of social services - Paypoint development	269,205	282,735
Two room clinic fund	509,172	509,172
Financial management grant	476,374	413,367
Fire and emergency grant	-	566,000
Rural sanitation program (DDLG&H)	35,039	70,539
Deployment of engineers grant (DDLG&H)	132,385	132,385
Bucket eradication grant (DDLG&H)	11,584,466	10,000,000
Ruth Mompoti Bursary fund	-	66,417
Department of health subsidy	-	-
Election fund	122,157	122,157
DBSA conditional grant	-	-
5.2 Other conditional receipts	1,301,206	231,767
Bophirima agricultural cluster fund	-	87,909
LG SETA grant	1,301,206	143,858
Total conditional grants and receipts	30,840,266	32,996,183

See **Note 13** for reconciliation of grants from other spheres of government.

These amounts are invested in ring-fenced investments until utilised.

6. VAT

VAT receivable	33,557,283	12,300,648
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VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
7. PROPERTY, PLANT AND EQUIPMENT		
Refer note 35 for reconciliation of carrying value.		
Land and buildings were revalued to fair value by using market values. The effective date of the revaluations were 30 June 2007 and 30 June 2008. The revaluation was done by Venter Booysen and Ferreira, registered and independent valuers. Market values were determined by the averaging of the income capitalization method and the outcomes of comparable transactions. In the case where the market market of buildings can not be reasonably determined, fair value is based on replacement value.		
The revaluation surplus is reconciled as follows:		
Balance at beginning of year	6,980,630	5,796,474
Revaluation of land and buildings	1,933,625	1,184,156
Surplus realised	-	-
Balance at end of year	8,914,255	6,980,630

Refer to **Appendix B** for more detail on property, plant and equipment, including those in the course of construction.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. This transitional provision allows the municipality not to recognize infrastructure assets for a period not exceeding 3 years after the initial implementation of the GRAP / GAMAP statements. The Municipality is in the process of itemizing all infrastructure assets and will recalculate accumulated depreciation once this exercise has been completed by 1 July 2009. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 1 July 2009.

During the year, infrastructure assets totalling R10,612,802, that were not formerly disclosed per the transitional provision, have been recognized. The value of the assets, which was recognized against the Accumulated Surplus, was determined by a qualified professional engineer based on the depreciated replacement cost method.

The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2007/08 financial year due to the exemption granted in Gazette 30013.

Infrastructure assets have been transferred from DWAF to the municipality as the Water Services Authority in the District. The municipality is in the planning phase of a program to recognise and revalue all infrastructure assets by 1 July 2009. A team of specialists (comprising of engineers, accountants and other relevant fields of expertise) have been appointed in the 2008/09 financial year to do a detailed investigation and determination of all infrastructure assets, including those transferred from DWAF in terms of applicable accounting standards.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008 R	2007 R
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Included in land and buildings above are items that may meet the definition of investment property but have been included as PPE because the municipality had not finalized the process of identifying investment property for reporting purposes. These items will be transferred to investment property once they have been identified as investment property in terms of the definition in IAS 40 (AC 135).

During the year, land parcels totalling R361,148, that were not formerly disclosed, have been recognized. The value of the assets, which was recognized against the Accumulated Surplus, was determined by a qualified professional valuator using the current market value of similar properties in the area.

8. LONG-TERM RECEIVABLES

Car loans	11,058	102,812
Computer loans	-	-
	11,058	102,812
Less: Current portion transferred to current receivables	-11,058	-91,754
Car loans	11,058	91,754
Computer loans	-	-
Total receivables	-	11,058

Car loans

Senior staff were entitled to car loans which attract interest at 8.5% per annum and which are repayable over a maximum period of 5 years. The final loan is repayable in the 2008/09 financial year. Since the inception of the MFMA on 1 July 2004 no further loans had been issued.

Computer loans

Selected staff were entitled to computer loans which attract interest at 5% per annum and which are repayable over a maximum period of 3 years. These loans have been repaid in the current financial year. Since the inception of the MFMA on 1 July 2004 no further loans had been issued.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
9. CONSUMER DEBTORS		
	Gross balances	Provision for bad debts
		Net balances
As at 30 June 2008		
Regional service levies	-	-
Total	-	-
As at 30 June 2007		
Regional service levies	147,393	-
Total	147,393	-
	2008 R	2007 R
Ageing		
Current (0-30 days)	-	-
31-60 days	-	-
61-90 days	-	-
91-120 days	-	-
121-365 days	-	-
+365 days	-	147,393
Total	-	147,393
10. OTHER DEBTORS		
Payments made in advance	-	-
Insurance claims	-	-
Other debtors	11,685,738	5,074,336
Sub-total	11,685,738	5,074,336
Less: Provision for impairment of receivables	-5,837,707	-1,131,211
Total other debtors	5,848,031	3,943,125
Reconciliation of impairment of receivables provision		
Balance at beginning of the year	1,131,211	592,827
Contribution to provision	4,706,496	1,131,211
Impairment of receivables written off against provision	-	-592,827
Balance at end of year	5,837,707	1,131,211
11. CALL INVESTMENT DEPOSITS		
Refer Note 12 below		

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
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12. BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts:

Current account (Primary account)

Standard bank - Vryburg branch - Account number : 040423174

Cash book balance at beginning of year	-1,577,912	15,586,799
Cash book balance at end of year	1,783,834	-1,577,912
Bank statement balance at beginning of year	27,295,649	18,805,235
Bank statement balance at end of year	1,829,456	27,295,649

Current account

ABSA bank - Vryburg branch - Account number : 1310000376

Cash book balance at beginning of year	46,040	44,378
Cash book balance at end of year	-	46,040
Bank statement balance at beginning of year	46,040	44,378
Bank statement balance at end of year	-	46,040

This account was kept open to ensure the completeness of levies collected. As the account has shown no movement (except for interest and bank charges) in the 2006/07 financial year, the account was closed early in the 2007/08 financial year.

Deposits (Daily)

Call accounts	55,793,378	71,769,845
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Call deposits of R3,569,571 (2007: R3,569,571) are ring-fenced and attributable to the Capital replacement reserve.

Call deposits of R30,840,266 (2007: R32,996,183) are ring-fenced and attributable to Unspent conditional grants and receipts.

Refer **Note 24.9** for a detailed breakdown of call accounts.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
13. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	87,057,207	72,693,984
Local municipality share to Internal Audit shared service	1,319,818	1,245,111
Municipal infrastructure grant	68,000,570	44,984,520
Provincial LED projects	20,175	374,315
National infrastructure grant	24,830	3,921,421
DWAF grant	23,748,493	34,071,795
New municipalities grant	-	-
Department of sport grant	-	-
IMMIS grant	141,307	34,855
Disaster management fund	539,145	513,805
Municipal systems improvement grant	294,640	2,767,198
Local government support grant	1,500,000	-
IDP / PMS support (DDL&H)	-	-
Department of social services - Paypoint development	13,530	-
Two room clinic fund	-	874,337
Financial management grant	436,993	450,252
Fire and emergency grant	2,436,779	1,461,980
Rural sanitation program (DDL&H)	35,500	-
Deployment of engineers grant (DDL&H)	-	17,616
PCSP Fund	-	542,547
RD Fund	-	262,320
RDP Fund	-	2,403,802
Bucket eradication grant (DDL&H)	26,915,534	-
Ruth Mompoti Bursary fund	66,417	165,000
Department of health subsidy	1,479,952	2,014,706
Election fund	-	-
DBSA conditional grant	-	530,000
Bophrima agricultural cluster fund	87,909	-
LG SETA grant	1,191,526	2,519,190
Total government grants and subsidies	215,310,126	171,848,756

13.1 Equitable share

This grant is utilised to fund the operations of the municipality in accordance with the approved MTREF budget.

13.2 Municipal infrastructure grant

Balance unspent at beginning of year	4,043,185	16,027,705
Current year receipts	63,958,578	33,000,000
Conditions met - transferred to revenue	-68,000,570	-44,984,520
Conditions still to be met - transferred to liabilities (see Note 5)	1,193	4,043,185

This grant was used to construct various water, sewerage and roads infrastructure as part of the upliftment of poorer communities. No funds have been withheld.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
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13.3 Provincial LED projects

Balance unspent at beginning of year	464,826	839,141
Current year receipts	-	-
Conditions met - transferred to revenue	-20,175	-374,315
Conditions still to be met - transferred to liabilities (see Note 5)	444,650	464,826

Provincial LED project grants are used to promote small, medium and micro enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

13.4 National infrastructure grant

Balance unspent at beginning of year	1,544,997	5,466,417
Current year receipts	-	-
Conditions met - transferred to revenue	-24,630	-3,921,421
Conditions still to be met - transferred to liabilities (see Note 5)	1,520,366	1,544,997

This grant was used to construct various water, sewerage and roads infrastructure as part of the upliftment of poorer communities. No funds have been withheld.

13.5 DWAF grant

Balance unspent at beginning of year	7,623,005	19,858,320
Current year receipts	24,119,000	21,836,480
Conditions met - transferred to revenue	-23,748,493	-34,071,795
Conditions still to be met - transferred to liabilities (see Note 5)	7,993,512	7,623,005

This grant was used to construct various water and sewerage infrastructure as part of the upliftment of poorer communities. It was further utilised to fund water services operating subsidy. No funds have been withheld.

13.6 New municipalities grant

Balance unspent at beginning of year	272,574	272,574
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 5)	272,574	272,574

This grant is used to establish systems within the Bophirima District Municipality and the Molopo - and Kagisano Local Municipalities. No funds have been withheld.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
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13.7 Department of sport grant

Balance unspent at beginning of year	913,474	913,474
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 5)	913,474	913,474

This grant was used to construct and upgrade various sporting facilities. No funds have been withheld.

13.8 IMMIS grant

Balance unspent at beginning of year	1,056,228	1,091,083
Current year receipts	-	-
Conditions met - transferred to revenue	-141,307	-34,855
Conditions still to be met - transferred to liabilities (see Note 5)	914,922	1,056,228

This grant was used to establish IT systems within the greater Bophirima District municipalities. No funds have been withheld.

13.9 Disaster management fund

Balance unspent at beginning of year	1,775,877	1,008,681
Current year receipts	1,000,000	1,281,000
Conditions met - transferred to revenue	-539,145	-513,805
Conditions still to be met - transferred to liabilities (see Note 5)	2,236,732	1,775,877

This grant was used to develop disaster management plans for the municipality. No funds have been withheld.

13.10 Municipal systems improvement grant

Balance unspent at beginning of year	1,094,091	2,861,289
Current year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	-294,640	-2,767,198
Conditions still to be met - transferred to liabilities (see Note 5)	1,799,450	1,094,091

This grant was used to establish systems within the entire district. No funds have been withheld.

13.11 Local government support grant

Balance unspent at beginning of year	1,598,843	1,598,843
Current year receipts	-	-
Conditions met - transferred to revenue	-1,500,000	-
Conditions still to be met - transferred to liabilities (see Note 5)	98,843	1,598,843

This grant was used to establish systems within the entire district. No funds have been withheld.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
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13.12 IDP / PMS support (DDL&H)

Balance unspent at beginning of year	214,546	214,546
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see Note 5)	214,546	214,546

This grant was used to establishment and futher development of IDP and PMS systems within the entire district. No funds have been withheld.

13.13 Department of social services - paypoint development

Balance unspent at beginning of year	282,735	282,735
Current year receipts	-	-
Conditions met - transferred to revenue	-13,530	-
Conditions still to be met - transferred to liabilities (see Note 5)	269,205	282,735

This grant was used to construct and upgrade various pension paypoints in the district. No funds have been withheld.

13.14 Two room clinic fund

Balance unspent at beginning of year	509,172	1,383,509
Current year receipts	-	-
Conditions met - transferred to revenue	-	-874,337
Conditions still to be met - transferred to liabilities (see Note 5)	509,172	509,172

This grant was used to construct and upgrade various clinics in the district. No funds have been withheld.

13.15 Financial management grant

Balance unspent at beginning of year	413,367	363,619
Current year receipts	500,000	500,000
Conditions met - transferred to revenue	-436,993	-450,252
Conditions still to be met - transferred to liabilities (see Note 5)	476,374	413,367

This grant was used to establish financial management systems within the municipality and to fund the salaries of the National Treasury interns. No funds have been withheld.

13.16 Fire and emergency grant

Balance unspent at beginning of year	566,000	27,980
Current year receipts	1,870,779	2,000,000
Conditions met - transferred to revenue	-2,436,779	-1,461,980
Conditions still to be met - transferred to liabilities (see Note 5)	-	566,000

This grant was used to fund the acquisition of fire and emergency vehicles for the Mamusa Local Municipality. No funds have been withheld.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
13.17 Rural sanitation program (DDL&H)		
Balance unspent at beginning of year	70,539	70,539
Current year receipts	-	-
Conditions met - transferred to revenue	-35,500	-
Conditions still to be met - transferred to liabilities (see Note 5)	35,039	70,539
This grant was used for the construction of VIP toilets in the district. No funds have been withheld.		
13.18 Deployment of engineers grant (DDL&H)		
Balance unspent at beginning of year	132,385	150,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-17,616
Conditions still to be met - transferred to liabilities (see Note 5)	132,385	132,385
This grant was used for the deployment of engineers and engineering interns throughout the entire district. No funds have been withheld.		
13.19 PCSP fund		
Balance unspent at beginning of year	-	542,547
Current year receipts	-	-
Conditions met - transferred to revenue	-	-542,547
Conditions still to be met - transferred to liabilities (see Note 5)	-	-
This grant was used for the upgrading of various infrastructure assets throughout the entire district. No funds have been withheld.		
13.20 RD fund		
Balance unspent at beginning of year	-	262,320
Current year receipts	-	-
Conditions met - transferred to revenue	-	-262,320
Conditions still to be met - transferred to liabilities (see Note 5)	-	-
This grant was used for the upgrading of various infrastructure assets throughout the entire district. No funds have been withheld.		
13.21 RDP fund		
Balance unspent at beginning of year	-	2,403,802
Current year receipts	-	-
Conditions met - transferred to revenue	-	-2,403,802
Conditions still to be met - transferred to liabilities (see Note 5)	-	-
This grant was used for the upgrading of various infrastructure assets throughout the entire district. No funds have been withheld.		

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
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13.22 Bucket eradication programme (DDL&H)

Balance unspent at beginning of year	10,000,000	-
Current year receipts	28,500,000	10,000,000
Conditions met - transferred to revenue	-26,915,534	-

Conditions still to be met - transferred to liabilities (see Note 5)	11,584,466	10,000,000
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This grant was used for the municipality's bucket eradication program in the Lekwa-Teemane and Mamusa Local Municipalities. No funds have been withheld.

13.23 Ruth Mompoti bursary fund

Balance unspent at beginning of year	66,417	131,417
Current year receipts	-	100,000
Conditions met - transferred to revenue	-66,417	-165,000

Conditions still to be met - transferred to liabilities (see Note 5)	-	66,417
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This fund is used to finance the tertiary education of selected indigent students from the District. No funds have been withheld.

13.24 Provincial health subsidies

Balance unspent at beginning of year	-	-
Current year receipts	1,479,952	2,014,706
Conditions met - transferred to revenue	-1,479,952	-2,014,706

Conditions still to be met - transferred to liabilities (see Note 5)	-	-
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The municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the subsidy have been met. There was no delay or withholding of the subsidy.

13.25 DBSA conditional grant

Balance unspent at beginning of year	-	-
Current year receipts	-	530,000
Conditions met - transferred to revenue	-	-530,000

Conditions still to be met - transferred to liabilities (see Note 5)	-	-
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This grant was used to establishment and further development of PMS systems within the entire district. No funds have been withheld.

13.26 Election fund

Balance unspent at beginning of year	122,157	122,157
Current year receipts	-	-
Conditions met - transferred to revenue	-	-

Conditions still to be met - transferred to liabilities (see Note 5)	122,157	122,157
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This grant is used to fund local government elections in the District. No funds have been withheld.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
13.27 Bophirima agricultural cluster fund		
Balance unspent at beginning of year	87,909	87,909
Current year receipts	-	-
Conditions met - transferred to revenue	-87,909	-
Conditions still to be met - transferred to liabilities (see Note 5)	-	87,909
This grant is used to fund the operations of various hydroponic LED projects in the District. No funds have been withheld.		
13.28 LG SETA grant		
Balance unspent at beginning of year	143,858	99,608
Current year receipts	2,348,875	2,563,439
Conditions met - transferred to revenue	-1,191,526	-2,519,190
Conditions still to be met - transferred to liabilities (see Note 5)	1,301,206	143,858
This grant is used to fund various learnerships aimed at the youth in the District. No funds have been withheld.		
13.29 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, significant increases in the level of government grant funding are expected over the forthcoming 3 financial years.		
14. OTHER INCOME		
Sundry Income	41,751	5,732
Commission Received : Salary Deductions	-	-
Tender document fees	43,333	15,439
Surplus cash	-177	50
SDL grant	-	-
Bursaries for officials recovered	39,928	64,821
Insurance claims received	534	-
Reversal of impairment of receivables	457,453	-
Recovery of unauthorised, irregular, fruitless & wasteful exp (Note 23)	-	-
Total other income	582,823	86,041

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
15. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and wages	18,980,060	14,974,037
Employee related costs - Contributions to UIF, pensions and medical	4,532,229	3,605,970
Travel, motor car, accommodation, subsistence and other allowances	2,295,103	1,740,120
Housing benefits and allowances	1,051,271	916,958
Overtime payments	398,342	481,064
Performance bonus	1,044,417	1,302,841
Long-service awards	43,910	59,293
Less: Employee costs capitalised to Property, Plant and Equipment	-	-
Less: Employee costs included in other expenses	-	-
Total employee related costs	28,345,332	23,080,284

There were no advances to employees. Loans to employees are set out in **Note 8**.

Remuneration of the Municipal Manager

Annual remuneration	456,955	490,713
Performance bonuses	-	115,435
Settlement	-	896,118
Car allowance	90,000	99,000
Contributions to UIF, medical and pension funds	84,168	71,115
Total	631,123	1,672,382

Remuneration of the Chief Financial Officer

Annual remuneration	596,146	449,252
Performance bonuses	97,402	96,437
Car allowance	105,272	105,817
Contributions to UIF, medical and pension funds	18,143	7,484
Total	816,963	658,990

Remuneration of individual executive managers

Remuneration of individual executive managers are reflected per **Note 34**.

16. REMUNERATION OF COUNCILLORS

Executive mayor	440,264	416,571
Speaker	343,960	332,504
Mayoral committee members	1,612,413	1,535,605
Councillors	521,619	542,435
Councillors' pension contribution	280,160	268,933
Total councillors' remuneration	3,198,415	3,096,048

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
17. INTEREST PAID		
Long-term liabilities	2,574,490	1,492,759
Consumer deposits	-	711
Bank overdrafts	-	-
Total interest on external borrowings	2,574,490	1,493,470
18. BULK PURCHASES		
Water	32,132,617	44,057,907
Total bulk purchases	32,132,617	44,057,907
19. GRANTS AND SUBSIDIES PAID		
Grants paid to Local Municipalities	29,076,187	21,343,761
Transfers to Community Members	18,433,682	-
Grants paid to tourism projects	125,000	85,000
Grants paid to LED projects	3,993,880	3,374,075
Community learnership programs	1,191,526	2,519,190
Total grants and subsidies paid	52,820,275	27,322,026
<p>Transfers to Community Members consists of the transfer of toilet structures and related yard connections to community members on whose stands the structures were erected per the bucket eradication projects implemented by the municipality.</p>		
20. GENERAL EXPENSES		
Included in general expenses is the following:		
20.1 Flood damage	-	148,000
<p>Flood damage costs resulted from unseasonal floods that occurred in the Greater-Taung and Kagisano Local Municipal areas in the previous year. The Municipality had to provide transport, temporary shelter and food aid to affected residents until the flooding subsided and residents were able to return to their homes. The flood damage was unforeseen and has not occurred in recent years.</p>		

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
21. CASH GENERATED BY OPERATIONS		
Surplus for the year	71,915,998	52,137,717
Adjustment for:		
Depreciation	4,365,497	1,907,767
Impairment reversal of PPE	-48,750	-337,758
Impairment of PPE	-	-
Gain on disposal of property, plant and equipment	-417,341	-49,625
Loss on disposal of property, plant and equipment	18,859,076	171,051
Contribution to bad debt provision	-	-
Dividends received	-	-
Investment income	-9,987,576	-6,682,953
Interest paid	2,624,971	1,493,470
Operating surplus before working capital changes:	87,311,875	48,639,669
(Increase) / decrease in debtors	147,393	3,310,969
(Increase) / decrease in other debtors	-1,824,210	6,489,499
(Decrease) / increase in conditional grants and receipts	-2,155,917	-23,084,035
(Decrease) / increase in creditors	21,781,206	10,854,219
(Decrease) / increase in provisions	-	-
(Increase) / decrease in VAT	-21,256,635	-4,536,520
Cash generated by / (utilised in) operations	84,003,713	41,673,801
22. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	57,578,412	71,817,086
Call investment deposits	-	-
Bank overdraft	-	-1,577,912
Total cash and cash equivalents	57,578,412	70,239,174
23. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
23.1 Fruitless and wasteful expenditure		
Balance brought forward	928,437	-
Fruitless and wasteful expenditure current year	58,149	928,437
Condoned or written-off by council	-	-
Recovery of fruitless and wasteful expenditure	-	-
Balance carried forward	986,586	928,437

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
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23.1.1 Settlement payment to former municipal manager	928,437	928,437
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During the previous year, the former Municipal Manager's 5 year employment contract came to an end and was then extended for a further period of 15 months up to 28 February 2008. His extended contract was however terminated early and as a result of this he was awarded a settlement payment.

The settlement payment was investigated and presented to council for decision on recovery or write-off in the 2007/08 financial year. On 28 August 2008 Council approved the write-off of the full amount as they deemed it not-recoverable.

23.1.2 Late payment of employee taxes	45,195	-
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Due to an oversight error, PAYE, SDL and UIF for March 2008 was paid late to SARS. Penalties and interest was charged by SARS as a result of this.

The late payment of employees taxes will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.

23.1.3 Late payment of Compensation Commissioner	12,953	-
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Due to a delay in the receipt of the annual return, the Compensation Commissioner was paid late. Penalties and interest was charged as a result of this.

The late payment of the Compensation Commissioner will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.

23.2 Unauthorized expenditure

Balance brought forward	14,303,900	-
Unauthorized expenditure current year	18,367,892	14,303,900
Condoned or written-off by council	-	-
Recovery of unauthorized expenditure	-	-
Balance carried forward	32,671,792	14,303,900

23.2.1 Over expenditure on operating budget for the 2006/07 year	14,303,900	14,303,900
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The over expenditure on individual votes for the 2006/07 financial year, mainly brought on by changes in accounting of the GRAP conversion process, is cash backed and will be presented to council for approval in the 2008/09 financial year.

23.2.2 Over expenditure on operating budget for the 2007/08 year	18,367,892	-
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The over expenditure on individual votes for the 2007/08 financial year is cash backed and will be presented to council for approval in the 2008/09 financial year.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
23.3 Irregular expenditure		
Balance brought forward	-	-
Irregular expenditure current year	10,700,926	-
Condoned or written-off by council	-	-
Recovery of irregular expenditure	-	-
Balance carried forward	10,700,926	-
23.3.1 Security services service agreement	225,246	-
The agreement with the previous security service provider, NAFS Investment Holding, had expired, but the service was rendered until November 2007 based on a verbal agreement between the parties. This expense will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.		
23.3.2 Accommodation rental agreement: LED department	36,520	-
The rental agreement for the previous LED offices with the Pholoholo Lethogile Trust had expired, but the rental was extended until November 2007 based on a verbal agreement between the parties. This expense will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.		
23.3.3 Accommodation rental agreement: Engineering department	1,768	-
The rental agreement for the previous Engineering offices with Charmakor Properties was increased from November 2007 until January 2008 to include the re-imbursement of the water account, based on a verbal agreement between the parties. This expense will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.		
23.3.4 Contract appointment: BDM2007-012C	4,563,424	-
The contract for the internal sewer network on the Utlanang Bucket Eradication project was awarded to Shatsane / Above and Beyond Trading JV. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.		
23.3.5 Contract appointment: BDM2007-013C	4,264,042	-
The contract for the internal sewer network on the Boitumelong Bucket Eradication project was awarded to Faiaud Transport Services / Are Berekeng JV. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.		

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
23.3.6 Contract appointment: BDM2007-019C	868,011	-
<p>The contract for the Supply and Installation of Water Connections and Pre-Cast Toilets to 150 stands in Colridge project was awarded to Tshupetso Dikiro Construction. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.</p>		
23.3.7 Contract appointment: BDM2007-025A	391,020	-
<p>The contract for the supply of security services was awarded to M and DJ Security Solutions. The bid was however not awarded to the qualifying bidder with the highest points. This bid appointment will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.</p>		
23.3.8 Mayoral vehicle: deemed private use	131,570	-
<p>The municipality provided a council vehicle to the Executive Mayor for his exclusive use. As no accurate records were maintained to distinguish between private and business use, the entire kilometers travelled for the year is deemed to be private. The deemed private portion of the use thereof is in excess of the upper limits for remuneration of councillors per the Public Office Bearers Act. This expense will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.</p>		
23.3.9 Afro Camp cc: In the service of the state	219,325	-
<p>Afro Camp cc was appointed to provide certain services for the municipality during the year. This appointment is however in contravention with section 44 of the SCM Regulations, which prohibits the appointment of persons in the service of the state as it was later found that one of the directors of the cc is an employee of the municipality. This expense will be investigated and presented to council for decision on recovery or write-off in the 2008/09 financial year.</p>		
<p>i) No further material losses or material irregular or fruitless and wasteful expenditures or material unauthorized expenditure had occurred during the financial year.</p>		
<p>ii) No criminal or disciplinary steps were taken as a result of losses from the above.</p>		
<p>iii) No material losses have been recovered or written-off.</p>		
24. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>24.1 Contributions to organised local government: SALGA NW</u>		
Opening balance	-	-13,590
Council subscriptions	190,059	116,188
Amount paid - current year	-190,059	-102,597
Amount paid - previous year	-	-
Balance overpaid (included in debtors)	-	-

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
<u>24.2 Audit fees</u>		
Opening balance	-	-
Current year audit fees	961,648	955,267
Amount paid - current year	-961,648	-955,267
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

24.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in **Note 6**. All VAT returns have been submitted by the due date throughout the year.

24.4 PAYE and UIF

Opening balance	246,372	168,619
Current year payroll deductions	5,182,584	4,043,993
Amount paid - current year	-5,413,707	-3,966,240
Amount paid - previous year	196,197	-
Balance unpaid (included in creditors)	-211,446	246,372

The balance carried forward represents overpayments made to SARS. This matter will be resolved with SARS in the 2008/09 financial year.

24.5 Pension and medical aid deductions

Opening balance	-163,955	-98,847
Current year payroll deductions and council contributions	6,498,767	5,166,261
Amount paid - current year	-6,518,208	-5,198,693
Amount paid - previous year	327,696	-32,677
Balance unpaid (included in creditors)	-144,299	-163,955

The balance unpaid represents pension and medical aid differences on control accounts brought forward from previous years. These accounts are in the process of being reconciled.

24.6 Councillors' arrear consumer accounts

The following sundry debtor balances were outstanding for more than 90 days from councillors:

Cllr. GKM Lobelo	11,654	9,066
Cllr. CE Tladinyane	9,066	9,066
Cllr. SKM Namusi	774	774
	21,494	18,906

No arrears are outstanding from any councillor to the municipality for rates or services.

24.7 Non-compliance with Chapter 11 of the Municipal Finance

No non-compliance with Chapter 11 of the MFMA

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
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24.8 Related party transactions

24.8.1 Accounting services	7,000	3,200
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Accounting services were performed for the municipality during the year by the wife of the Chief Financial Officer of the municipality, Mr. DM Thornhill. As she was the former Accountant Income in the now cancelled RSC levies era, it was regarded as the most efficient way to finalise the reconciliation of such.

24.8.2 Catering services	15,850	-
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Certain catering services were performed for the municipality during the year by the wife of the Chairperson of the Finance Portfolio Committee, Cllr. PK Thiba.

24.8.3 Contractor appointment	1,672,655	-
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Construction services were performed on the Lekwa-Teemane Bucket Eradication program by G and HG Construction and Engineering, which is part-owned by the father of an intern, Mr. T Galeng.

24.9 Summary of investments (call accounts)

Description	Bank	Account no	Balance R
Internal Loan Fund (Saambou)	FNB	02096765004	9,647
New Municipalities Grant	Standard Bank	048545880-001	272,574
CRR	Standard Bank	048558567-001	3,569,571
MIG	Standard Bank	048558575-001	18,767,791
Provincial Led Projects	Standard Bank	048558583-001	444,650
NIG	Standard Bank	048558591-001	1,520,366
DWAF	Standard Bank	048558605-001	9,776,386
Department of Sport Grant	Standard Bank	048558621-001	913,474
Disaster Management Fund	Standard Bank	048558648-001	2,699,877
MSIG	Standard Bank	048558672-001	1,880,631
LGSIG	Standard Bank	048558680-001	98,843
IDP / PMS Support (DDL&H)	Standard Bank	048558737-001	214,546
Dept of Social Service - PayPoint	Standard Bank	048558761-001	282,735
Two Room Clinic Fund	Standard Bank	048558818-001	497,271
FMG	Standard Bank	048558834-001	502,321
Rural Sanitation Program (DDL&H)	Standard Bank	048547123-002	70,539
Deployment of Engineer Grant (DDL&H)	Standard Bank	048558877-001	132,385
Bucket Eradication Grant (DDL&H)	Standard Bank	048558702-001	10,000,000
Ruth Mompoti Bursary Fund	Standard Bank	048558710-001	66,417
Agricultural Cluster Fund	Standard Bank	048558796-001	87,909
LG Seta Grant	Standard Bank	048558826-001	1,370,489
Guarantees	Standard Bank	048558842-001	136,528
Leave Provision	Standard Bank	048558850-001	734,042
Transition grant: IMMIS	Standard Bank	348481713	1,056,228
Fire and emergency	Standard Bank	348481721	566,000
Election fund	Standard Bank	348481748	122,157
ABSA 32 days	ABSA	2067239024	-
			55,793,378

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
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24.10 Deviation from and ratification of minor breaches of procurement processes

24.10.1 Soccer tournament to Holland	237,222	-
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The expense is above the R200,000 threshold for a competitive bidding process. Quotations were however obtained as it was impractical to follow a competitive bidding process for the acquisition of overseas travel arrangements.

24.10.2 VB Sound cc - Hiring of sound equipment	212,680	-
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The combined expense is above the R200,000 threshold for a competitive bidding process. Quotations were however obtained as it was impractical to follow a competitive bidding process due to the fact that there was not sufficient time left (3 days before event) to follow the necessary processes.

25. OPERATING LEASE COMMITMENTS

The municipality's future minimum commitments are as follows:

- Due within one year	1,109,319	468,870
- Due between one and five years	1,381,964	73,621
- Due after five years	-	-
Total	2,491,283	542,491

26. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for	82,568,030	56,017,422
- Approved but not yet contracted for	110,272,723	65,753,804

Total	192,840,753	121,771,226
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This expenditure will be financed from:

- External loans	47,302,283	13,242,837
- Capital replacement reserve	3,500,000	4,000,000
- Government grants	99,727,093	73,176,546
- Own resources	42,311,377	31,351,843

Total	192,840,753	121,771,226
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**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008 R	2007 R
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27. RETIREMENT BENEFIT INFORMATION

Councillors and employees belong to 3 defined contribution retirement funds:

27.1 Cape Joint Retirement Fund

The last actuarial valuation of the Cape Joint Retirement Pension Fund was done at 30 June 2007. This valuation indicated that the fund is in a sound financial condition at the valuation date.

27.2 Government Employees Pension Fund

The Government Employees Pension Fund is a defined contribution arrangement and is governed by the Government Employees Pension Fund Law, 1996 in terms of Proclamation 21 of 19 April 1996. Actuarial valuations are performed every 3 years. The last actuarial valuation of the Government Employees Pension Fund was done at 31 March 2006. This valuation indicated that the fund is in a financially sound position yet funded at a level of 100%.

27.3 Municipal Councillors Pension Fund

The Councillors of the Municipality are members of the Municipal Councillors Pension Fund which is a defined contribution fund and governed by the Pension Funds Act of 1956. The fund was established in 1988 and an actuarial valuation is carried out every 3 years. The last actuarial valuation of the Municipal Councillors Pension Fund was done at 30 June 2006. This valuation indicated that the fund is in a sound financial position and that the present rate of contribution is adequate to enable the Fund to provide the benefits to which members are entitled.

Contributions

An amount of R2,797,563 (2007 : R2,250,422) was contributed by Council in respect of councillor and employees retirement funding. These contributions have been expensed.

28. CONTINGENT LIABILITIES

28.1 DBSA loans transfer from Southern District Municipality

The then Southern District Municipality had prior to 2000 taken up loans from the DBSA to finance the upgrading of infrastructure assets in the Mamusa and Lekwa-Teemane Local Municipalities. On 29 September 2000, the Bophirima District Municipality was established in accordance with the demarcation process. As a result of this process these infrastructure assets were then located within the area of jurisdiction of the Bophirima District Municipality. Certain transitional provisions relating to the transfer of assets and liabilities were proclaimed. In accordance with this clause, these matters will vest in the Bophirima District Municipality with effect from the date when such a determination is made by the MEC. Up to date no such determination has been made. The Dr Ruth Segomotsi Mompoti District Municipality is committed in resolving the matter in order to reach agreement with all parties involved for the transfer of assets and liabilities from the Dr Kenneth Kaunda District Municipality. The total outstanding balance (including arrears) of the DBSA loans as at 30 June 2008 amount to R52,521,787. The estimated value of assets to be transferred amount to R28,673,401.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008 R	2007 R
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28.2 IMATU and 99 Others

Due to a restructuring of the roads function in accordance with government policy this function was transferred to the Department of Public Works and Roads (as it was then) resulting in an action being brought by ex employees for the recovery of lost benefits. Their application succeeded and payment of the claim must be made. In court the legal representative of the Department put on record that payment of whatever the Municipality is ordered to pay, will be made by the Department. Pursuant to this and in the light of the fact that the restructuring was forced down on the Municipality by Government. Talks are currently being conducted between the Municipality and Provincial and National Treasury with a view to securing payment thereof by the Department. These negotiations have reached an advanced stage and it is expected that the Department will make payment in the near future.

After year-end, due to the slow progress of the negotiations, the Municipality was forced to make payment on behalf of the Department in order to avoid any further unnecessary interest charges. On 24 October 2008 a total payment of R13,806,646 was made, which is the original claim (including accrued interest). Legal costs totaling R781,000 is still outstanding.

28.3 CCMA Matter

An ex-employee is claiming that he had been unfairly dismissed by the Municipality. On 29 September 2008 he succeeded with an arbitration award of R420,000 payable by 30 October 2008. The Municipality decided to take the award on review. If the municipality is unsuccessful, the municipality will be liable for the amount of the award including legal costs and interest estimated to be R600,000.

28.4 Sedibeng Water

Sedibeng Water, a water service provider of the municipality, is claiming an outstanding balance of R2,949,904. The amount relates to expenditure incurred on the Pampierstad Sewerage Works prior to 2000. This claim is disputed by the municipality as the service was not rendered within the boundaries of the municipality and was prior to the appointment of the municipality as Water Service Authority.

28.5 Application in Labour Court

An ex-employee's application to compel the municipality to keep him in their employ has been opposed successfully. Costs have been taxed and attempts are underway to recover same. Estimation of the municipality's exposure of R47,000 is being made on the basis that costs are not recovered.

28.6 Various legal proceedings

28.6.1 Complaint by unsuccessful bidder

The unsuccessful bidder has lodged complaints via his attorneys, the SA Human Rights Commission and the Public Protector. Attorneys are corresponding with them. Estimation of financial exposure of R4,500 is based on the assumption that the matter will be settled out of court.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008	2007
R	R

28.6.2 Legal action instituted

The plaintiff holds the position that a settlement was reached in terms whereof an amount of R146,894 is payable. This is disputed by the municipality. The municipality is of the view that an overpayment has been made and that the plaintiff should make a refund. The estimation of R80,000 of the municipality's exposure is being made on the assumption that the matter proceeds to trial.

28.6.3 Action for the recovery of outstanding amount

Council has adopted a resolution to write off this claim. However, this is a defended action and council has to take a decision as to whether it wishes to tender the opposite side's legal costs of R8,000.

28.6.4 Action for the recovery of overpayment

The action instituted against Technofin was withdrawn and payment has been made of their legal costs as well as of the municipality's own legal costs in respect of its Pretoria attorneys and its advocate. Currently the municipality's Vryburg attorneys still have to render their account estimated at R18,000, but the matter has not been finalized in as much as representations have been made to Gestetner in an attempt to secure payment by them.

29. CONTINGENT ASSETS

29.1 Assets transfer from Southern District Municipality

Refer **Note 28.1**

30. IN-KIND DONATIONS AND ASSISTANCE

The municipality received no in-kind donations and assistance.

31. EVENTS AFTER THE REPORTING DATE

No material litigation is outstanding against the Municipality and no other post balance events have occurred after year-end and up to the date of the completion of these financial statements.

32. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in **Annexures E(1)** and **E(2)**.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008	2007
R	R

33. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

33.1 Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

33.2 Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

33.3 Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

33.4 Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

2008	2007
R	R

33.5 Other risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

The municipality does not carry any direct consumer debtors as the Water Services Authority in the District. Water and sewerage services are currently performed by appointed water service providers. The municipality is therefore not exposed to the non-payment risk that consumer debtors present.

Long-term Receivables and Other Debtors are individually evaluated annually at year-end date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	Annual remuneration	Performance bonusses	Car allowance	Contributions to UIF, medical and pension funds	Total
	R	R	R	R	R
34. REMUNERATION TO INDIVIDUAL EXECUTIVE MANAGERS					
30 June 2008					
Corporate services	346,267	-	70,000	51,398	467,665
Special projects	311,640	-	63,000	46,358	420,998
Internal audit	350,534	84,821	95,555	78,838	609,748
IDP and PIMS	498,906	97,402	55,816	14,930	667,054
Fire and disaster management	374,964	81,168	78,000	71,964	606,095
Engineering services	431,572	109,196	102,173	85,465	728,406
Project management unit	453,056	97,402	114,793	1,473	666,723
Economic developm, tourism & agriculture	448,143	77,110	92,081	62,565	679,898
Total	3,215,081	547,097	671,418	412,991	4,846,588
30 June 2007					
Corporate services	425,058	91,615	70,800	72,055	659,528
Special projects	317,978	86,793	50,834	49,435	505,041
Internal audit	338,487	76,346	57,519	73,775	546,126
IDP and PIMS	458,454	91,615	55,816	19,797	625,683
Fire and disaster management	261,000	72,328	78,537	71,419	483,284
Engineering services	403,101	108,113	96,000	82,492	689,705
Project management unit	473,123	91,615	96,108	7,648	668,494
Economic developm, tourism & agriculture	327,191	86,793	112,311	59,167	585,462
Total	3,004,390	705,220	617,925	435,786	4,763,322

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Land and buildings	Infrastructure	Official vehicles	Machinery and equipment	Office equipment	Office furniture	Computer equipment	Other	Total
	R	R	R	R	R	R	R	R	R
35. PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION OF CARRYING VALUE									
Carrying values at 1 July 2007	9,646,625	157,327,573	3,779,446	156,817	123,017	77,893	981,319	342,789	172,445,478
Cost	-	157,327,573	7,562,137	381,737	351,026	161,978	2,206,376	1,502,259	169,493,086
Correction of error (Note 33)	-	-	-	-	-	-	-	-	-
Revaluation	9,646,625	-	-	-	-	-	-	-	9,646,625
Accumulated depreciation	-	-	-3,782,691	-224,920	-228,009	-84,085	-1,215,058	-1,159,470	-6,684,233
- Cost	-	-	3,782,691	224,920	228,009	84,085	1,215,058	1,159,470	6,684,233
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	515,148	10,612,802	860,355	192,160	72,688	6,132	1,107,728	236,915	13,603,927
Capital under construction	-	78,936,478	-	-	-	-	-	-	78,936,478
Increases / decreases in revaluation	1,982,375	-	-	-	-	-	-	-	1,982,375
Depreciation	-	2,188,553	1,105,694	66,407	86,821	23,393	704,766	189,863	4,365,497
- based on cost	-	2,188,553	1,105,694	66,407	86,821	23,393	704,766	189,863	4,365,497
- based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value on disposals	-	-18,815,531	-196,443	-	-	-	-41,315	-39,341	-19,092,630
Cost / revaluation	-	-18,815,531	-1,315,934	-	-	-	-96,032	-445,006	-20,672,503
Accumulated depreciation	-	-	1,119,491	-	-	-	54,717	405,666	1,579,873
Impaired losses	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	12,144,148	225,872,769	3,337,664	282,569	108,893	60,632	1,352,965	350,500	243,510,131
Cost	515,148	228,061,322	7,106,558	573,897	423,714	168,110	3,218,072	1,294,167	241,360,988
Revaluation	11,629,000	-	-	-	-	-	-	-	11,629,000
Accumulated depreciation	-	-2,188,553	-3,768,894	-291,327	-314,830	-107,478	-1,865,107	-943,667	-9,479,857
- Cost	-	2,188,553	3,768,894	291,327	314,830	107,478	1,865,107	943,667	9,479,857
- Revaluation	-	-	-	-	-	-	-	-	-

Refer to **Appendix E(2)** for the comparison with the approved budget

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	Land and buildings	Infrastructure	Official vehicles	Machinery and equipment	Office equipment	Office furniture	Computer equipment	Other	Total
	R	R	R	R	R	R	R	R	R
RECONCILIATION OF CARRYING VALUE									
Carrying values at 1 July 2006	8,124,711	65,148,946	3,777,487	176,506	170,115	101,036	612,985	273,975	78,385,771
Cost	-	65,148,946	6,586,025	645,354	356,034	161,978	1,461,761	1,281,017	75,641,115
Correction of error (Note 33)	-	-	-	-	-	-	-	-	-
Revaluation	8,124,711	-	-	-	-	-	-	-	8,124,711
Accumulated depreciation	-	-	-2,808,538	-468,848	-185,919	-60,842	-848,766	-1,007,042	-5,380,055
- Cost	-	-	2,808,538	468,848	185,919	60,842	848,766	1,007,042	5,380,055
- Revaluation	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	1,287,903	171,530	25,759	-	849,892	221,242	2,556,325
Capital under construction	-	92,178,627	-	-	-	-	-	-	92,178,627
Increases / decreases in revaluation	1,521,914	-	-	-	-	-	-	-	1,521,914
Depreciation	-	-	1,157,887	40,360	72,857	23,143	461,091	152,428	1,907,767
- based on cost	-	-	1,157,887	40,360	72,857	23,143	461,091	152,428	1,907,767
- based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value on disposals	-	-	-128,057	-150,859	-0	-	-10,478	-	-289,393
Cost / revaluation	-	-	-311,792	-435,147	-30,767	-	-105,278	-	-892,981
Accumulated depreciation	-	-	183,735	284,288	30,767	-	94,800	-	593,589
Impaired losses	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2007	9,646,625	157,327,573	3,779,446	156,817	123,017	77,893	991,319	342,789	172,445,479
Cost	-	157,327,573	7,562,137	381,737	351,026	161,978	2,206,376	1,502,259	169,493,086
Revaluation	9,646,625	-	-	-	-	-	-	-	9,646,625
Accumulated depreciation	-	-	-3,782,691	-224,920	-228,009	-84,085	-1,215,058	-1,159,470	-6,694,233
- Cost	-	-	3,782,691	224,920	228,009	84,085	1,215,058	1,159,470	6,694,233
- Revaluation	-	-	-	-	-	-	-	-	-

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

	Loan number	Redeemable	Balance at 30 June 2007	Received during the period	Redeemed / written off during the period	Balance at 30 June 2008	Carrying value of PPE	Other costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS								
DBSA loan @ ZAR-JIBAR-SAFEX + 30 basis points			31,027,752	3,368,076	23,107,578	11,288,250	-	-
Botshelo Water Loan @ 0%			12,000,000	-	3,000,000	9,000,000	-	-
Stannic Finance - Vehicle loan @ Prime less 1.111%	0002	2007	36,843	-	36,843	-	-	-
Stannic Finance - Vehicle loan @ Prime less 1.111%	0003	2007	36,742	-	36,742	-	-	-
Mercedes-Benz Finance - Vehicle loan @ Prime less 1%	0001	2007	-	-	-	-	-	-
ABSA Finance - Vehicle loan @ Prime plus .343%	0001	2008	58,869	-	43,053	15,816	-	-
ABSA Finance - Vehicle loan @ Prime plus .343%	0002	2008	-	-	-	-	-	-
ABSA Finance - Vehicle loan @ Prime plus .343%	0003	2007	17,607	-	17,607	-	-	-
ABSA Finance - Vehicle loan @ Prime plus .343%	0004	2008	-	-	-	-	-	-
TOTAL EXTERNAL LOANS			43,177,814	3,368,076	26,241,824	20,304,065	-	-

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost / Revaluation					Accumulated depreciation				Carrying value R
	Opening balance	Additions	Under construction	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	
	R	R	R	R	R	R	R	R	R	
Land and buildings	9,646,625	2,497,523	-	-	12,144,148	-	-	-	-	12,144,148
Infrastructure	157,327,573	10,612,802	78,936,478	-18,815,531	228,061,322	-	2,188,553	-	2,188,553	225,872,769
Official vehicles	7,562,137	860,355	-	-1,315,834	7,106,558	3,782,691	1,105,694	-1,119,491	3,768,894	3,337,664
Machinery and equipment	381,737	192,160	-	-	573,897	224,920	66,407	-	291,327	282,569
Office equipment	351,026	72,688	-	-	423,714	228,009	86,821	-	314,830	108,883
Office furniture	161,978	6,132	-	-	168,110	84,085	23,393	-	107,478	60,632
Computer equipment	2,206,376	1,107,728	-	-96,032	3,218,072	1,215,058	704,766	-54,717	1,865,107	1,352,965
Other	1,502,259	236,915	-	-445,006	1,294,167	1,159,470	189,863	-405,666	943,667	350,500
TOTAL	179,139,711	15,586,302	78,936,478	-20,672,503	252,989,988	6,694,233	4,365,497	-1,579,873	9,479,857	243,510,131

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	2008			2007		
	Actual income R	Actual Expenditure R	Surplus / (Deficit) R	Actual income R	Actual Expenditure R	Surplus / (Deficit) R
Office of the Executive Mayor	5,653,421	7,055,968	-1,402,548	5,982,175	5,406,944	575,231
Office of the Speaker	1,488,063	1,474,780	13,283	1,808,615	1,396,335	412,280
Office of the Municipal Manager	918,007	1,102,259	-184,252	838,794	1,736,192	-897,398
Internal audit	4,485,770	3,515,772	979,998	4,150,894	2,776,958	1,373,936
Budget and treasury office	11,785,402	17,926,277	-6,140,876	10,254,763	6,707,253	3,547,510
Corporate services	9,658,551	12,468,875	-2,610,323	14,634,666	11,062,872	3,571,794
IDP and PIMS	2,956,292	3,469,738	-513,446	4,363,736	8,164,889	-3,801,153
Environmental health	4,250,967	1,489,243	2,761,724	1,671,967	1,252,378	419,589
Fire and disaster management	10,823,276	10,172,215	651,061	7,830,956	8,646,559	-815,603
Engineering services	89,636,302	76,352,571	13,283,731	71,658,750	66,408,641	5,250,109
Project management unit	68,237,335	10,762,720	57,474,615	45,555,365	5,905,511	39,649,854
Economic development, tourism and agriculture	13,568,736	7,504,730	6,064,006	8,344,002	6,113,358	2,230,643
Clinics	3,081,453	1,542,427	1,539,027	2,280,412	1,659,487	620,925
Total	226,753,574	154,837,577	71,915,998	179,375,095	127,237,378	52,137,717

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
APPENDIX E(1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

	2008				Explanation of significant variances greater than 10% versus budget
	Actual R	Budget R	Variance R	Variance %	
REVENUE					
Rental of facilities and equipment	406,959	350,000	56,959	16%	Budget not aligned to contract
Interest earned - external investments	6,413,736	4,000,000	2,413,736	60%	Better than expected interest rates earned and higher average bank balance due to capital spending later than anticipated
Interest earned - bank	3,554,591	1,750,000	1,804,591	103%	Better than expected interest rates earned and higher average bank balance due to capital spending later than anticipated
Interest earned - outstanding debtors	19,248	50,000	-30,752	-62%	Interest over estimated at time of budget compilation
Government grants and subsidies	215,310,126	208,132,180	7,177,936	3%	Higher than anticipated expenditure resulting in higher conditions met
Other income	582,823	38,400	544,423	1418%	Mainly due to Reversal of impairment of receivables not expected
Public contributions and donations	-	-	-	0%	-
Impairment reversal of PPE	48,750	-	48,750	100%	Impairment reversal was anticipated in 3 years
Gains on disposal of PPE	417,341	-	417,341	100%	Profit on sale of vehicles not anticipated
TOTAL REVENUE	226,753,574	214,320,590	12,432,984	6%	
EXPENDITURE					
Employee related costs	28,345,332	30,501,830	2,156,498	7%	Vacant posts not filled
Remuneration of councillors	3,188,415	3,240,303	41,888	1%	-
Impairment of receivables	4,785,651	-	-4,785,651	-100%	Provision for impairment of receivables not anticipated for this year
Collection costs	-	-	-	0%	-
Depreciation	4,366,497	1,807,000	-2,558,497	-142%	Infrastructure PPE capitalised leading to higher than expected depreciation
Impairment of PPE	-	-	-	0%	-
Repairs and maintenance	1,586,079	1,246,000	-340,079	-27%	Higher than anticipated expenditure due to moving of offices leading to expenditure incurred to settle staff in new temporary offices
Interest paid	2,624,971	3,357,233	732,262	22%	DBSA bucket eradication loans only taken up in 2008/09 financial year
Bulk purchases	32,134,380	34,875,850	2,741,460	8%	R3m to Botshelo Water provided for in total in the 2008/07 financial year
Contracted services	8,918,653	6,099,353	-2,819,299	-46%	Rural sanitation project expenditure better than anticipated
Grants and subsidies paid	52,820,275	28,112,184	-24,708,091	-88%	NURP project expenditure improved and infrastructure of R18m transferred to communities
General expenses	16,014,770	11,223,130	-4,791,640	-43%	Mainly due to higher than anticipated travel, telephone and insurance costs
Loss on disposal of PPE	43,545	-	-43,545	-100%	Loss on disposal of PPE not anticipated
TOTAL EXPENDITURE	154,837,577	120,462,883	-34,374,694	-29%	
NET SURPLUS / (DEFICIT) FOR THE YEAR	71,915,998	93,857,708	-21,941,710	-23%	

**DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY
APPENDIX E(2)
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008**

	2008						Explanation of significant variances greater than 10% versus budget
	Actual R	Under construction R	Total additions R	Budget R	Variance		
					R	%	
Office of the Executive Mayor	706,385	-	706,385	25,000	-681,385	-2726%	New mayoral vehicle acquired during the year
Office of the Speaker	51,165	-	51,165	-	-51,165	-100%	New PA appointed - equipment replacement during year
Office of the Municipal Manager	74,318	-	74,318	-	-74,318	-100%	New PA appointed - additional equipment and furniture required
Internal audit	58,741	-	58,741	75,000	16,259	22%	Savings on equipment purchases
Budget and treasury office	377,506	-	377,506	100,000	-277,506	-278%	New photo copier and scanner purchased to support local municipalities
Corporate services	2,393,741	-	2,393,741	16,110,000	13,716,259	85%	New office building to commence in 2008/09
IDP and PIMS	182,591	-	182,591	45,000	-137,591	-306%	New printer purchased to support GIS project
Environmental health	1,893	-	1,893	240,000	238,117	99%	Expenditure to take place in 2008/09 - transfer of staff had taken place later than anticipated
Fire and disaster management	399,355	-	399,355	3,050,497	2,651,142	87%	Disaster management centre project moved to 2009/09 financial year
Engineering services	11,164,283	16,005,103	27,169,387	24,272,503	-2,896,884	-12%	Better than expected progress made on capital projects
Project management unit	37,775	62,931,375	62,969,150	54,394,900	-8,574,250	-16%	Better than expected progress made on capital projects
Economic development, tourism and agriculture	138,558	-	138,558	70,000	-68,558	-98%	Additional computers and furniture purchased to equip new staff members
Clinics	-	-	-	-	-	0%	-
TOTAL	15,586,302	78,936,478	94,522,780	98,382,899	3,860,119	4%	

CHAPTER 5: FUNCTIONAL AREA SERVICE DELIVERY REPORTING
4. FUNCTION SERVICE DELIVERY REPORTING**4.1. General Information**

<i>DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY (DC 39)</i>		
GENERAL INFORMATION		
Reporting Level	Detail	Total
Overview:	The District has an estimated population of 500,000 of which almost 80% is predominantly rural areas that make provision of basic services expensive. Access to basic services such as potable water, sanitation, electricity and access to roads is relatively low. The economy of the district is low-keyed, with the exception of the agricultural sector in the Naledi and Mamusa Local Municipal areas. The Naledi Local Municipal area dominates the economy in the majority of the economic sector and activities. The major economic activities in the Dr Ruth S Mompoti District Municipality are livestock farming, manufacturing, retail trade and financial institutions. Irrigation agriculture exists in Greater Taung, dry land farming in Mamusa, and retail trade and alluvial diamonds in Mamusa and Lekwa-Teemane Local Municipalities. The average annual growth rate of the gross geographic product is low with growth only occurring in isolated instances in the agricultural, mining, provision of electricity, trade and services sectors.	
Information:		
1	Geography:	
	Geographical area in square kilometres	47 478 km ²
	Source of information	Demarcation Board
2	Demography:	
	Total population	481420
	Source of information	Water Services Plan

3	Indigent Population	<total>
	Source of information and define basis of indigent policy including definition of indigent	<i>Information with the local municipalities.</i>
4	Total number of voters	200092
5	Aged breakdown:	
	- 65 years and over	24597
	- between 35 and 64 years	112126
	- between 15 and 34 years	148579
	- 14 years and under	162173
	Source of information	<i>Census 2001 (Statistics South Africa)</i>
6	Household income:	
	- over R9,601 per month	35530
	- between R4,801 and R9,600 per month	26638
	- between R1,00 and R4,900 per month	14772
	- under R1,00 per month	29771
7	Total Number of Households	101328
	No. of urban households	25013
	No. of rural households	76315
	Source of information	<i>Census 2001 (Statistics South Africa)</i>

4.2. Executive and Council

Function:	Executive and Council		
Sub Function:	N/A		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the executive and council function of the municipality including costs associated with mayoral, councillor and committee expenses and governance. Note: remuneration of councillor information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	The function of executive and council within the municipality is administered as follows and includes:		
	<i>Coordination of Council Committees established in accordance with the Structures Act</i>		
	<i>Coordinate specific logistical and procedural requirements relating to council meetings</i>		
	<i>Provide secretarial supports to various committees and sub-committees. Performs administrative activities associated with preparation of documents and correspondence for circulation</i>		
	<i>To Record accurately and safely keeping of Council documents</i>		
	The municipality has a mandate to:		
	<i>Provide democratic and accountable governance</i>		
	<i>Provide basic services to the communities in a sustainable manner</i>		
	<i>Promotion of socio-economic development</i>		
	<i>Provide safe and healthy environment</i>		
	The strategic objectives of this function are to:		
	<i>Good Governance</i>		
	<i>Ensure that council take informed decisions</i>		
	<i>Ensure continuous communication of successes &/or challenges of the district in relation to local economic development</i>		
	<i>Ensure that council take informed decisions</i>		

	The key issues for 2007X/08 are:		
	<i>Statutory Council meetings, Special Council Meetings, Mayoral and Portfolio Committee meetings with the exception of Community Health Services</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Councillor detail:		
	Total number of Councillors	25	
	Number of Councillors on Executive Committee	6	
2	Ward detail:		
	Total number of Wards	52	
	Number of Ward Meetings	0	
3	Number and type of Council and Committee meetings:		
	<List here>	<number>	
	List here Council meetings, followed by individual committee and the number of times that each met		
	Ordinary Council Meetings	4	
	Special Council Meetings	8	
	Portfolio Committee Meetings	43	
	Mayoral Committee	8	

4.3. Finance

Function:	Finance and Administration		
Sub Function:	Finance		
Reporting Level	Detail	Total	
Overview:	- Budget planning, implementation and monitoring		
	- Financial Reporting		
	- Revenue (incl. Investment) and debt collection management		
	- Cash management		
	- Asset Management		
	- Supply Chain, Expenditure and liability management		
	- Financial management advice and support to Accounting Officer, other departments and council portfolio committees		
	- Provide financial management support to Category B municipalities in terms of the MSA and the MFMA		
Description of the Activity:	The function of finance within the municipality is administered as follows and includes:		
	<i>Administration of the municipal finances in terms of the Municipal Finance Management Act and any other related acts and regulations.</i>		
	The municipality has a mandate to:		
	<i>Provide effective and efficient financial management.</i>		
	The strategic objectives of this function are to:		
	<i>Ensure Financial Support to local municipalities</i>		
	<i>Ensure effective and efficient internal controls are maintained</i>		
	<i>Ensure financial reporting done monthly and quarterly to council</i>		
	<i>Ensure that the budget is implemented and monitored</i>		
	<i>Ensure cash flow management</i>		
	<i>Ensure supply chain management and expenditure</i>		
	<i>Ensure revenue and debt management</i>		

	<i>Ensure financial management support to other departments</i>		
	The key issues for 2007/08 are:		
	<i>Implementation of SCM Policy</i>		
	<i>Filling of vacant positions</i>		
	<i>Implementation of GRAP</i>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:	R (000s)	
	Function - Other Debtors		
	- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity etc)	<total>	
	DDLGH	950	
	Department of Health - Health Services	457	
	Greater-Taung Local Municipality	89	
	Kagisano Local Municipality	37	
	Lekwa-Teemane Local Municipality	856	
	Molopo Local Municipality	424	
	Naledi Local Municipality	633	
	Department of Transport and Roads	147	
	Mamusa Local Municipality	283	
4	Write off of debts: number and value of debts written off:		R (000s)
	- Total debts written off each month across debtors by function (eg: water, electricity etc)	<number>	<value>
	Note: create a suitable table to reflect write offs each month across debtors by function		4,706
Reporting Level	Detail	Total	

10	Creditor Payments:	<i>R (000s)</i>	
		<i><value></i>	<i><age></i>
	T025 - Tshupetso Dikiro Construction CC	1,144	60
	C059 - CMS Water Engineering	698	60
	M202 - Mosegedi Africa Consortium	711	60
	Z016 - Zetron Costruction and MJ Motswapuleng JV	719	60
	L021 - Lekwa-Teemane Local Municipality	798	60
	C059 - CMS Water Engineering	823	60
	B035 - Botshelo Water	252	60
	P022 - Patula Balekane Joint Venture	1,094	60
	T188 - Tecroveer & Rontrading 12cc JV	1,105	60
	U034 - Ultimate Dynamic Civils	1,232	60
	I029 - Ilima Projects/Tsoga cc Joint Venture	1,750	60
	I022 - Izwelethu Cemforce	2,043	60
	S060 - Sedibeng Water	2,185	60
	A126 - Are Berekeng Civil JV Faiaud	2,558	60
	S322 - Shatshane System Solutions and Above and Beyond Trading 106 JV	2,569	60
	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		
11	Credit Rating:		
	<i><List credit rating details here></i>	<i><value></i>	<i><date></i>
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		
12	External Loans:	<i>R (000s)</i>	<i>R (000s)</i>
	- Total loans received and paid during the year	<i><received></i>	<i><paid></i>
	DBSA	3,368	30,888
	Botshelo Water	-	3,000

13	Delayed and Default Payments:		
	<List delayed and default payments here>	<value>	<date>
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature		
	Note: This information need not be reported here if reported as notes to the accounts.		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
To ensure the development and maintenance of appropriate revenue and collection systems	RSC levies have been discontinued from 1 July 2006. No further levies are therefore invoiced from the termination date.		
To promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act	The MTREF budget for 2008/09 was approved by 28 May 2008 and the Annual Financial Statements submitted to the Auditor-General on 31 August 2008. The audit reports received from the Auditor-General for the 2001/02 to the 2006/07 financial years were unqualified. The Supply Chain Management Policy was adopted during December 2005 by Council and implemented from 1 January 2006. The financial reporting systems have been converted from the old IMFO standards to the new GRAP standards for the 2007/08 financial year and submitted to the Auditor-General in the new format.		

<p>To ensure that resources are used effectively, full and proper financial records are kept and appropriate control systems are maintained</p>	<p>Current internal controls and systems were improved and new financial control systems implemented and upgraded to ensure proper control.</p>		
<p>To ensure that appropriate systems and policies are in place to adequately safeguard and maintain the municipality's assets</p>	<p>Asset policies have been revised and new policies were drafted. A bid for a new electronic bar coded fixed asset management system was awarded and the new system implemented by August 2005. All assets are now bar-coded and asset counts are performed with the assistance of hand-held infrared barcode readers.</p>		
<p>To ensure timeous submission of budget and other reports</p>	<p>Annual Financial Statements, management reports and other reporting requirements adhered to.</p>		

4.4. Human Resource

Function:	Finance and Administration		
Sub Function:	Human Resources		
Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the human resource management function of the municipality including recruitment, selection and induction - also performance management systems, code of conduct detail and decision making systems. Note: Read in conjunction with Chapter 3 on <i>Human Resource Management</i> .		
Description of the Activity:	The function of human resource management within the municipality is administered as follows and includes:		
	<ul style="list-style-type: none"> - <i>Skills development - through learnerships and skills programmes.</i> - <i>Employment Equity - by appointing the previously disadvantaged in senior positions ;</i> - <i>Labour Relations - by maintaining sound labour relations though Local Labour Forum meetings;</i> - <i>Human Resources Administration - through recruitment, selection, internships and conditions of service;</i> - <i>Employee Assistance Programmes - staff wellness programmes and counseling.</i> 		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	<i>Deliver effective basic, affordable and quality services to communities</i>		
	The strategic objectives of this function are to:		
	<i>To render effective human resources administration to the municipality by appointing skilled personnel and implementing human resources related policies</i>		
	The key issues for 200X/0Y are:		

	<i>Implement programmes that will address objectives of the growth and development strategy</i>		
Analysis of the Function:	<i><Provide statistical information on (as a minimum):></i>		
1	Number and cost to employer of all municipal staff employed:		<i>R (000s)</i>
	Managerial	20	10909507.41
	Professionals	31	7338431.48
	- Office (Clerical/Administrative)	19	2233625.38
	- Non-professional (blue collar, outside workforce)	9	852387.9
	Service workers	43	6225237.19
	- Temporary Staff	6	209287.48
	Note: total number to be calculated on full-time equivalent (FTE) basis, providing detail of race and gender according to the breakdown described above. Total cost to include total salary package		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target

4.5. Economic Development

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	<i>1. To develop, implement and manage economic development, Agriculture and Tourism strategies in the district.</i>		
	2. Develop and facilitate SMME support strategies, programmes and action plans.		
	<i>Ensure active participation and involvement of communities in economic development activities. Source funding for LED, Agriculture and Tourism projects. Provide support to Local Municipalities. Improve and expand Tourism products. Prepare Council items and ensure implementation of council resolutions.</i>		
	The strategic objectives of this function are to:		
	<i>To promote Local Economic Development in the</i>		

	<i>District.</i>		
	The key issues for 2007/08 are:		
	1. Promoting Tourism programmes and projects (Taung World Skull Heritage Site), 2. Promoting vegetables, Integrated Broiler Cluster Project, 3. Beef Beneficiation Programme, 4. Promoting and marketing SMME's in the district (EXPOSE), 5. SMME Container Project.		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
	1 Number and cost to employer of all economic development personnel:		R (000s)
	- Professional (Directors / Managers)	4	
	- Non-professional (Clerical / Administrative)	9	
	- Temporary	None	<cost>
	- Contract	None	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
	5 Number of people employed through job creation schemes:		
	- Short-term employment	1268	
	- Long-term employment	2024	
	Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives		

Reporting Level	Detail	Total	
	Note: Figures should be aggregated over year to include building plan approvals only		
7	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>(LED grant - R2,448,405 and Menace Integrated Broiler Project grant - R2,448,405)	Grant	R 2,448,405
	Note: total value of specific planning and development grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		National Heritage Council - R380,000 DPLG (Broiler Cluster) - R1,518,405.75 DET - R400,000
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
Promotion of Local Economic Development (Implementation of the integrated beef cluster as part of the Western Frontier Beef Beneficiation Program)	Lekwa-Teemane Beef Beneficiation Project - This project was funded by the District Municipality to the value of R400,000 as part of the Western Frontier Beef Beneficiation Program. The aim of the project is to commercialise beef farming in the district. (R400,000)	The target was to supply the project with breeding cattle. Business plans were submitted and approved by Council for implementation. Breeding herds were purchased and delivered to projects.	<ul style="list-style-type: none"> • 50 Pregnant Bonsmara heifers were and 2 Certified Bonsmara bulls were purchased and handed to the beneficiaries. • The number of beneficiaries currently benefiting from the project is 12.

<p>Promotion of Local Economic Development (Menace Integrated Broiler Cluster Project (Naledi LM))</p>	<p>Menace Integrated Broiler Cluster Project (Naledi LM) - This project is one of the poverty alleviation projects intended for the construction of broiler houses in Vryburg to produce of broiler chickens. The project was funded through MIG from the 5% normally allocated to LED for infrastructural development to the value of R1,518,405.75. The District Municipality allocated R100,000 FOR production inputs. (R100,000)</p>	<p>A broiler house and a storage facility were constructed. NB: However rearing of broilers could not take place because the Infraburo did not comply with the EIA process.</p>	<p>Actual expenditure: 74.25% (R74,247.37) The consultant submitted an EIA report to be considered by the Department of Agriculture, Conservation and Environment.</p>
<p>Promotion of Local Economic Development (SAPLATO Mentorship Program)</p>	<p>SAPLATO Mentorship Program: This program was initiated and funded by Invest North West intended to train 20 SMMEs on business management through mentorship. The District Municipality identified 20 SMME's throughout the District for the training.</p>	<p>20 SMME's or entrepreneurs were identified and underwent an intensive training on business management.</p>	<p>20 SMME's were trained and certificated on business management through the SAPLATO Mentorship Program.</p>
<p>Promotion of Local Economic Development (Kgomo-Boswa Beef Coommonage Project)</p>	<p>Erection of kraals and crushpen (R50,000)</p>	<p>Cattle kraals and a Crushpen were erected.</p>	<p>Actual expenditure 144.24%. (R72,121.37)</p>
<p>Promotion of Local Economic Development (Western Frontier Beef Beneficiation Project (Provincial))</p>	<p>Western Frontier Beef Beneficiation Project (Provincial)</p>	<p>The Business Plan for the Western Frontier Cattle Beneficiation is complete. The Beef Task Team will decide on the implementation process.</p>	<p>NB: This is a program funded by the Province.</p>

<p>Promotion of Local Economic Development (Dr Ruth Segomotsi Mompoti District Agricultural Cluster - Hydroponic)</p>	<p>Production of vegetables in tunnels (Hydroponics).</p> <ul style="list-style-type: none"> - Ganyesa Hydroponic Project - Tosca Hydroponic Project - Moeding Hydroponic Project - Bloemhof Hydroponic Project - Mogopela A Hydroponic Project - Palachoema Hydroponic Project <p>(R300,000)</p>	<ul style="list-style-type: none"> ● Replaced irrigation system for Mogopela A Hydroponic Project, Ganyesa Hydroponic Project. ● Purchased production inputs (Fertilizer, chemicals and seedlings) for Mogopela A, Moeding, Palachoema, Tosca, Boemhof Hydroponic Project. 	<p>Actual Expenditure: 62.07% (R186,224.24)</p> <ul style="list-style-type: none"> ● Mogopela A R 34,077.92 ● Tosca R 53,367.01, ● Bloemhof R4,008.37, ● Palachoema R 38,141.96 ● Ganyesa R 56,628.98
<p>Promotion of Local Economic Development (Boitumelong and Tshimologo Broiler Project)</p>	<p>Broiler Chicken Project in Boitumelong, Schweizer-Reneke (Production inputs for other existing broiler projects)</p> <p>(R120,000)</p>	<ul style="list-style-type: none"> ● Connection and Electrification of the broiler house in Boitumelong Chicken Broiler Project was done. ● Broiler production inputs and broiler chicks were bought for Boitumelong Chicken Broiler. ● Broiler feeds were bought for Tshimologo-Ikageng Broiler Project. ● A broiler housing structure was erected for Tshimologo Ikageng Broiler Project. 	<p>Actual expenditure: 107.34% (R128,808.09)</p>
<p>Promotion of Local Economic Development (SMME Container Project)</p>	<p>Container Projects</p> <p>(R 300,000)</p>	<ul style="list-style-type: none"> ● 20 Containers delivered. ● 15 Containers converted into public phones, spaza shops. ● 16 Public Phone base units were purchased and supplied to 16 SMME Containers. ● 16 Public Phone base units were purchased and supplied to 16 SMME Containers. 	<p>Actual expenditure 57.7% (R173,060.94)</p> <p>NB: Appointed contractor lacked capacity to complete the project.</p>

Promotion of Local Economic Development (Tlkgameng Polish Making Project)	Tlkgameng Polish Making Project (R100,000)	<ul style="list-style-type: none"> • Equipment were bought for the project, including a fridge for the juice making. • Electricity connection was done. 	Actual expenditure: 70.97% (R70,937.55)
Promotion of Local Economic Development (Agro-meat processing project in Lekwa Teemane - quality meat)	Lekwa Teemane Agro meat processing project (quality meat) Council allocated an amount of R80 000.00 for fencing of the site, branding of the project, and display fridge. (R80,000)	<ul style="list-style-type: none"> • Fencing of site with Devils Folk was done. • The display fridge was purchased and installed. • Branded packaging material were purchased. <p>NB: The Local Municipality had initially committed itself to supply production inputs or meat products.</p>	Expenditure achieved was 92.8%.
Promotion of Local Economic Development (Taung Skull World Heritage Route)	Taung World Heritage Skull Site: This site is located in Buxton in the Greater Taung Local Municipality. The District Municipality applied for funding from the National Heritage Council for the development of the Heritage Route and an allocation to the amount of R380 000.00 was made.	<ul style="list-style-type: none"> • About R380,000 was sourced from the National Heritage Council for the development of the Taung Skull Heritage Route. A Memorandum of Agreement was signed. 	R380,000 was sourced from the National Heritage Council for the development of the Taung Skull Heritage Route.
Promotion of Local Economic Development (Feasibility Study on Tourism Anchor Projects)	Feasibility studies on tourism anchor projects for the district. Funded by DBSA in 2007 & the Municipality to co-fund (R 230,000)	<ul style="list-style-type: none"> • DBSA approved R150 000 for the development of a Tourism Master Plan. A contract has been forwarded to the Municipality to be signed before the end of February 2008. ■ An advertisement was made for the appointment of a consultant to conduct a feasibility study. ■ Held a meeting with the CFO to review the terms of reference for the feasibility studies. 	NB: Could not spent because of the delay to sign MOA

<p>Promotion of Local Economic Development (Development of the District Sector Monitor)</p>	<p>District Tourism Sector Monitor</p>	<ul style="list-style-type: none"> ● Identified officials from both the District and the Local Municipalities to collect data for Tourism Sector Monitor. ■ Data was collected through the assistance of the North West Parks and Tourism for analysis. ■ The booklet for the District Tourism Sector Monitor is not complete because there is no budget attached to the project. 	<p>NB: The program was funded by the North West Parks and Tourism Board.</p>
<p>Promotion of Local Economic Development (Sporting Codes Development)</p>	<p>Sports Development (R1,000,000)</p>	<ul style="list-style-type: none"> ● Establishment and training of Sports Councils has been done in Kagisano, Naledi, Molopo, Greater Taung, and Mamusa Local Municipality. ■ Soccer Level one Course for referees was held in Vryburg. ■ Hosted the South African Boxing Championships in Vryburg. ■ Provided support to athletes from Ganyesa and Taung participating in the Wester Cape Comrade marathon competition. 	<p>Actual expenditure: 61.89% (R618,978.47)</p>

<p>Promotion of Local Economic Development (District Economic Development Advisory Council)</p>	<p>District Economic Development Advisory Council</p>	<ul style="list-style-type: none"> ● Reviewed the Terms of Reference for EDAC as resolved by Council. ● Consulted with other municipalities with a similar initiative and the advert will be out soon calling for nominations for individuals with expertise to serve in the District Economic Advisory Council. ● Advertised for the nomination of individuals with expertise to serve in the District Economic Advisory Council. Only 9 nominations were received. Re-advertisement to be done calling for nominations. 	<p>NB: The response was very poor. Only three people were nominated</p>
<p>Promotion of Local Economic Development (LED and Tourism Promotion and Marketing)</p>	<p>LED and Tourism Promotion and Marketing (R100,000)</p>	<ul style="list-style-type: none"> ● Designed and printed LED brochures and dispatched at Expos or exhibitions. 	<p>Actual expenditure: 68.6% (R68,600)</p>

4.6. Community and Social Services

MEASURABLE OBJECTIVE	KPIs	OUTPUT	BUDGET	EXPENDITURE	ACTUAL PERFORMANCE	REASON FOR DEVIATION	PLANNED REMEDIAL ACTION
Management of Fire and Emergency Services	Total number of fire service personnel managed. Number of personnel trained. Number of personnel appointed. Compiled reports, records, and statistics. Reports on day-to-day administration of the service.	Management of Fire and Emergency Services in Kagisano, Greater Taung and Molopo LM.	R 8.2 Million operating budget	R8.43 Million	Human resource management (51-fulltime, vacant -2) , Appointment of one intern. Promotion of two firemen. Twelve (12) monthly Departmental meetings conducted. Fire services statistics report on the first 6 months to council. Conducted a workshop on the joint management of hazardous materials. Sasol road show - 41 fire-fighters attended the day. Conducting 16 fire prevention inspections. Disaster Management Awareness campaign facilitated. 41 X firemen attended Sasol road show hosted in Vryburg. Eight (8) schools participated in fire prevention awareness campaign. Training and education of private sector, 44 people trained. Eight-fire man passed the Pump operations course. Training and education of nine		Accommodation facilities at Kagisano fire and emergency services to be established.

					volunteers in Fire fighter one. One member attended the procurement and risk minimization workshop. Replacement of redundant vehicles Molopo and Kagisano. Management of services		
Assistance to local municipalities with regard to the provision of Fire services for their area of jurisdiction	Project setup and mobilization Assist with appointment of service providers Training of full time personnel	Assist Naledi and Mamusa LM with the replacement of fire fighting appliances. Training of full time personnel.	R3.2 M Conditional grant	R3.2 M Conditional grant	Mamusa project completed. Naledi project delayed due to financial constraints.	Naledi project delayed due to financial constraints.	District Municipality to assist with bridging finance.
Develop disaster management plans and the establishment of a disaster management control centre for Disaster management	Reviewed / Compile Disaster management plans for all six (6) LM within the district	Adoption of disaster management plan by Council.	R1.5 MIL	R989 000	Seven (7) workshops held on the draft of disaster management plans, with all relevant stakeholders. Submission of draft disaster management plan for external evaluation. Three follow-up workshops held on the draft of disaster management plans, with all relevant stakeholders. Submission of draft disaster management plan of Lekwa Teemane, Naledi, Greater Taung, Kagisano, Mamusa and Molopo to Council for	Finalisation of DM Framework. Appointment of an external service provider. Non-sitting of Portfolio committee.	Council intervention.

					approval. Establish bid specifications for feasibility study and specifications on disaster management control centre. Appoint consultant on feasibility study and specifications for disaster control centre.		
Disaster Management Services	Processed monthly claims, Number of conducted training for volunteers, Compiled reports, records, and statistics Reports on day-to-day administration of the service.	Coordinated and managed disasters interventions in the district.	na	Form part of the Fire and Disaster management budget R8.2 m	Disaster management intervention took place in all six incidents that have occurred. (Disaster relief assessments, and assist with distribution of disaster relief aid). Disaster pre-planning on big events. Payment advice to disaster management organizations. 18 officials and councillors' of LM's in District attended disaster management training. Disaster management drill-Kagisano District Hospital. Two (2) personnel members attended the workshop on risk assessment. Submission of Disaster management annual report to council.	Incidents addressed without the necessity for declaration of disasters.	
Primary Healthcare	Compile reports, records and	Management of PHS.	R1,21Million	R 989 098	Monthly staff meetings conducted. Servicing of 81	No deviation.	na

<p>Services</p>	<p>statistics. Reports on day-to-day administration of the service. Maintain sound labour relations Quality agenda prepared for Council and its committees Manage the budget of the department Manage and monitor performance of staff in the department</p>				<p>clinic points weekly. Staff meeting regarding provincialization of services. Transfer of clinic assistants. Progress report on devolution process submitted to council. Monthly and quarterly reports submitted to council Provincialisation of PHC services successfully facilitated.</p>		
<p>Environmental Health Services</p>	<p>Compile reports, records, and statistics. Reports on day-to-day administration of the service. Maintain sound labour relations Quality agenda prepared for Council and its committees Manage the budget of the</p>	<p>Management of EHS and driving the devolution process of EHS</p>	<p>R560.454</p>		<p>EHS for Molopo, Naledi sub district rendered. Develop and adopted MOU on devolution of EHS. Create office accommodation for EHP. Meeting held with Naledi ,Molopo, Lekwa Teemane LM with regard to additional functions of EHS to be transferred. Cleaning campaign Kagisano, Mamusa LM. Request for section 78 assessment forwarded to Department of</p>	<p>Devolution of EHS finalised May 2008.</p>	<p>Section 78 assessment need to be conducted to finalised process.</p>

	department. Manage and monitor performance of staff in the department.				Health. Progress report on devolution process to council. Monthly and quarterly reports submitted to council		
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4.7. Water Distribution

Function:	Water		
Sub Function:	Water Distribution		
Reporting Level	Detail	Total	Cost
Overview:	Includes the production of water from Boreholes, the bulk purchase and purification of raw water and the distribution of water to all its consumers in its area of jurisdiction		
Description of the Activity:	The <i>water production</i>, <i>water purchases</i> and <i>water distribution</i> functions of the <i>District Municipality as the Water Service Authority (WSA)</i> are administered as follows:		
	<i>Through Interim Water Service Provider agreements with the following Water Service Providers (WSP'S):</i>		
	<i>Sedibeng Water</i>		
	<i>Botshelo Water</i>		
	<i>Naledi Local Municipality</i>		
	<i>Mamusa Local Municipality</i>		
	<i>Lekwa Teemane Local Municipality</i>		
	These services extend to include all the Local Municipality areas as follows:		
	<i>Sedibeng Water for the Greater Taung Local Municipality Area</i>		
	<i>Botshelo Water for the Kagisano and Molopo Local Municipality Areas</i>		
	<i>Naledi for their Area</i>		
	<i>Mamusa for their own Area</i>		
	<i>Lekwa Teemane for their area</i>		

	The Dr Ruth Segomotsi Mompoti District Municipality has a mandate as:		
	<i>As Water Service Authority (WSA)</i>		
	The strategic objectives of this function are to:		
	Provide a sustainable and acceptable level of water services to all its customers.		
	To ensure that all water backlogs and equalities of the past be eradicated.		
	The key issues for 2007/08 are:		
	Complete the Bulk Water Supply line from Pudimoe to Vryburg		
	Complete the water projects under Rural water Supply Programme		
	To ensure that all indigent consumers received their Free basic Water (FBW)		
	Reduce some Backlogs that exist in the Rural areas		
1	Number and cost to employer of all personnel associated with the water distribution function:		R (000s)
	- Professional (Engineers/Consultants)	N/a	N/a
	- Field (Supervisors/Foremen)	N/a	N/a
	- Office (Clerical/Administration)	N/a	N/a
	- Non-professional (blue collar, outside workforce)	N/a	N/a
	- Temporary	N/a	N/a
	- Contract	N/a	N/a
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
	Note: That all the Dr Ruth Segomotsi Mompoti District Municipality's Engineering and PMU personnel are involved with project implementation		

		Total Water usage KL	Per Year KL
2	Percentage of total water usage per month	1291663	
	Molopo	14283	100%
	Kagisano	89496	100%
	Naledi	360000	100%
	Mamusa	240000	100%
	Greater Taung	290000	100%
	Lekwa Teemane	297884	100%
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer	0	R (000s)
	- Category 1 <insert here>	0	R 0
	Molopo	N/a	N/a
	Kagisano	N/a	N/a
	Naledi (Use mainly Ground water because Pudimoe Line not Completed)	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung	N/a	N/a
	Lekwa Teemane	N/a	N/a
	- Category 2 <insert here>	0	R 0
	Molopo	N/a	N/a
	Kagisano	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung	N/a	N/a

	Lekwa Teemane	N/a	N/a
	- Category 3 <insert here>	0	R 0
	Molopo	N/a	N/a
	Kagisano	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung	N/a	N/a
	Lekwa Teemane	N/a	N/a
	- Category 4 <insert here>	0	R 0
	Molopo	N/a	N/a
	Kagisano	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung	N/a	N/a
	Lekwa Teemane	N/a	N/a
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)
	- Category 1 <insert here> (total number of households)	N/a	N/a
	- Category 2 <insert here> (total number of households)	N/a	N/a
	- Category 3 <insert here> (total number of households)	N/a	N/a
	- Category 4 <insert here> (total number of households)	N/a	N/a
5	Total year-to-date water losses in kilolitres and rand		R (000s)
	<detail total>	n/a	n/a

Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service:	101001	R 679,619,500
	- Piped water inside dwelling	11852	R 106,668,000
	- Piped water inside yard	26492	R 172,198,000
	- Piped water on community stand: distance < 200m from dwelling	45165	R 293,572,500
	- Piped water on community stand: distance > 200m from dwelling	8125	R 52,812,500
	- Borehole	8217	R 53,410,500
	- Spring	910	R 910,000
	- Rain-water tank	240	R 48,000
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		R (000s)
	Molopo (Botshelo Water)	N/a	N/a
	Kagisano (Botshelo Water)	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung (Sedibeng Water)	N/a	N/a
	Lekwa Teemane	N/a	N/a
8	Number and cost of disconnections and reconnections:		R (000s)
	Molopo (Botshelo Water)	N/a	N/a
	Kagisano (Botshelo Water)	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung (Sedibeng Water)	N/a	N/a
	Lekwa Teemane	N/a	N/a

9	Number and total value of water projects planned and current:	25	R 105,000
	- Current (financial year after year reported on)	10	R 40,000
	- Planned (future years)	15	R 65,000
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:	15000	R 4,500,000
	- Piped water inside dwelling	0	R 0
	- Piped water inside yard	3000	R 1,500,000
	- Piped water on community stand: distance < 200m from dwelling	12000	R 3,000,000
	- Piped water on community stand: distance > 200m from dwelling	0	R 0
	- Borehole	0	R 0
	- Spring	0	R 0
	- Rain-water tank	0	R 0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
11	Estimated backlog in number (and cost to provide) water connection:	33982	R 299,476
	- Piped water inside dwelling	0	R 0
	Molopo		
	Kagisano		
	Naledi		
	Mamusa		
	Greater Taung		
	Lekwa Teemane		
	- Piped water inside yard	4538	R 39,992
	Molopo		
	Kagisano		
	Naledi	1504	R 13,258
	Mamusa	1043	R 9,191

	Greater Taung		
	Lekwa Teemane	1991	R 17,543
	- Piped water on community stand: distance < 200m Radius from dwelling	0	R 0
	Molopo		
	Kagisano		
	Naledi		
	Mamusa		
	Greater Taung		
	Lekwa Teemane		
	- Piped water on community stand: distance > 200m Radius from dwelling	29444	R 259,484
	Molopo	1841	R 16,224
	Kagisano	14717	R 129,699
	Naledi		
	Mamusa		
	Greater Taung	12886	R 113,561
	Lekwa Teemane		
	- Borehole	0	R 0
	Molopo		
	Kagisano		
	Naledi		
	Mamusa		
	Greater Taung		
	Lekwa Teemane		

	- Spring	0	R 0
	Molopo		
	Kagisano		
	Naledi		
	Mamusa		
	Greater Taung		
	Lekwa Teemane		
	- Rain-water tank	0	R 0
	Molopo		
	Kagisano		
	Naledi		
	Mamusa		
	Greater Taung		
	Lekwa Teemane		
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	100073	
	Molopo	3174	
	Kagisano	19888	
	Naledi	13676	
	Mamusa	10429	
	Greater Taung	42953	
	Lekwa Teemane	9953	

	- Quantum (value to each household) Total KI per year	5623117	value Per household/Month
	Molopo - 4.5 kl/Household/Month	171396	R 36.77
	Kagisano - 4.5 kl/Household/Month	1073952	R 36.77
	Naledi - only Indigent (60%)	590803	R 36.30
	Mamusa - 6kl/Household/Month	750888	R 30.00
	Greater Taung - 4.5 kl/Household/Month	2319462	R 23.27
	Lekwa Teemane - 6kl/Household/Month	716616	R 36.30
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
13	Type and number of grants and subsidies received:		R 19,228
			(R000)
	Operating Income (DWAf)		R 19,228
	Greater Taung Area		R 13,652
	Kagisano Area		R 5,576
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		(R000)
14	Total operating cost of water distribution function		R 72,614
	Greater Taung Area		R 27,400
	Kagisano Area		R 7,808
	Molopo Area		R 1,068
	Naledi Area		R 15,353
	Mamusa		R 4,770
	Lekwa Teemane		R 16,215

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
<List at least five key performance areas relative to the above function as articulated in the budget here>	<i>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</i>		
Secure additional Funding for Backlogs	<i>Additional funding of R 15.0 Million was allocated by DDLG & H to eradicate some backlogs under the RWSP</i>		
Ensure that FBW policy are implemented	<i>All indigent customers has access to FBW, R18.0 Million was paid over to Sedibeng Water and Botshelo Water to achieved this.</i>		
Ensure sustainable water supply	<i>Negotiate new WSP agreements with all WSP'S and sign agreements with Sedibeng and Botshelo Water</i>		
Implement all approved water projects	<i>The budgets approved under Operating Income and PMU votes were spend, although problems were experienced with late approval of MIG and Technical reports</i>		
Institutional Reform	<i>Section 78 assessments were completed and approved by Council</i>		
Regional Planning	<i>The Water Service Development Plan (WSDP) was completed and approved by Council</i>		

4.8. Sewerage

Function:	Waste Water Management		
Sub Function:	Sewerage etc		
Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the District Municipality as the appointed WSA are administered by the following WSP'S under a Water Service Provider agreement:</p> <p>Sedibeng Water</p> <p>Botshelo water</p> <p>Naledi Local Municipality</p> <p>Mamusa Local Municipality</p> <p>Lekwa Teemane Local Municipality</p>		
	The WSP'S functions are as Follows:		
	<i>Operate and maintain all bulk Sewer Treatment works</i>		
	<i>Operate and maintain Internal Sewer Reticulation Systems</i>		
	The WSA's Functions are as Follows:		
	<i>Secure funding and eradicate all buckets</i>		
	<i>Secure funding and ensure that all sanitation backlogs are eradicated</i>		
	<i>Secure funding to upgrade and ensure that all bulk Sewer services do comply with the minimum requirements</i>		

	The following areas are serviced by the WSP's as Follows:		
	Molopo Local Municipality areas by Botshelo Water		
	Kagisano Local Municipality areas by Botshelo Water		
	Naledi Local Municipality areas by Naledi		
	Mamusa Local Municipality Areas by Mamusa		
	Greater Taung Areas still by Greater Taung but in process to transfer to Sedibeng Water		
	Lekwa Teemane Local Municipality Areas by Lekwa Teemane		
	The Dr Ruth Segomotsi Mompoti District Municipality has the Mandate as:		
	As the Water Service Authority (WSA)		
	The Strategic objectives of the District Municipality is:		
	To ensure that a sustainable and acceptable level of sanitation services are provided to all its customers in its area of jurisdiction		
	To ensure that all WSP'S delivered the services as per signed agreements		
	To ensure that all sanitation Backlogs are eradicated as per Presidential targets		
	To ensure that trained personnel are appointed at all bulk Treatment works		
	To ensure that all treatment Works do comply with the minimum required standards		
	The key issues for 2007/2008 are:		
	To secure additional funding to complete the upgrading of the three Sewer Treatment plants in Schweizer Reneke, Bloemhof and Christiana respectively		

	To secure additional funding to eradicate some of the sanitation backlog in the Rural Areas		
	To implement the approved bucket eradication programme (Post 1994) in Lekwa Teemane and Naledi areas		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Number and cost to employer of all personnel associated with sewerage functions:	0	R 0
	- Professional (Engineers/Consultants)	N/a	N/a
	- Field (Supervisors/Foremen)	N/a	N/a
	- Office (Clerical/Administration)	N/a	N/a
	- Non-professional (blue collar, outside workforce)	N/a	N/a
	- Temporary	N/a	N/a
	- Contract	N/a	N/a
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
2	Number of households with sewerage services, and type and cost of service:	101001	R 0
	- Flush toilet (connected to sewerage system)	23332	N/a
	- Flush toilet (with septic tank)	2864	N/a
	- Chemical toilet	574	N/a
	- Pit latrine with ventilation	13200	N/a
	- Pit latrine without ventilation	39431	N/a
	- Bucket latrine	4500	N/a
	- No toilet provision	17100	N/a
	Note: if other types of services are available, please provide details		

3	Anticipated expansion of sewerage:	4805	R 1,575,000
	- Flush/chemical toilet (Bucket eradication)	3500	R 1,575,000
	- Pit latrine (Basic Rural Sanitation)	1305	N/a
	- Bucket latrine	N/a	N/a
	- No toilet provision	N/a	N/a
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
4	Free Basic Service Provision:		
	- Quantity (number of households affected)	100073	
	Molopo	3174	N/a
	Kagisano	19888	N/a
	Naledi	13676	N/a
	Mamusa	10429	N/a
	Greater Taung	42953	N/a
	Lekwa Teemane	9953	N/a
	- Quantum (value to each household)	0	R 0
	Molopo	N/a	N/a
	Kagisano	N/a	N/a
	Naledi	N/a	N/a
	Mamusa	N/a	N/a
	Greater Taung	N/a	N/a
	Lekwa Teemane	N/a	N/a
Reporting Level	Detail	Total	Cost
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
	Molopo	N/a	N/a

	Kagisano	<i>N/a</i>	<i>N/a</i>
	Naledi	<i>N/a</i>	<i>N/a</i>
	Mamusa	<i>N/a</i>	<i>N/a</i>
	Greater Taung	<i>N/a</i>	<i>N/a</i>
	Lekwa Teemane	<i>N/a</i>	<i>N/a</i>
5	Total operating cost of sewerage function		R 29,774
	Molopo	<i>N/a</i>	R 0
	Kagisano	<i>N/a</i>	R 0
	Naledi		R 10,141
	Mamusa		R 4,942
	Greater Taung		R 4,274
	Lekwa Teemane		R 10,417
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
To secure additional funding to eradicate backlogs	Additional R5,0 Million was allocated by DDLG & H for rural sanitation		
To Eradicate all buckets (post 1994)	Contractors were appointed but work were not completed		
To ensure that all funds available under the rural sanitation Programme be spend	All available funding under Rural Sanitation Programme were spend		

<p>Ensure additional funding for the upgrading of the three Sewer Treatment Works in Schweizer Reneke, Bloemhof and Christiana respectively</p>	<p>Additional funding were obtained and approved under MIG funds for these projects</p>		
<p><List at least five key performance areas relative to the above function as articulated in the budget here></p>	<p>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p>		